UNIVERSITY OF JONES.



CONTINENTAL SELLING PRICES: AUSTRIA Sch. TF. BELGILM Fr 25; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS FI 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pts 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 2011

Front given

48 hours to decide

The Government has given the Patriotic Front 48 hours to accept the British plan for an interim administration in Rhodesia or face the breakdown of the Lancaster House

Foreign Secretary Lord Carrington, conference chairman, has demanded an answer to Britain's proposal "within the next day or two."

In an attempt to pressure the Front, British officials are again raising the possibility of a bilateral deal between Britain and Bishop Abel Muzorewa. Back Page; Parliament Page 12

Fighting fund

Britain's largest civil service union, the Civil and Public Services Association, is to ballot its members on whether to inject £im into the union's fighting fund to support action expenditure cuts. Back Page

Army probe

The British army in Northern Ireland has said it plans to hold an investigation into newspaper reports that the IRA has been setting up regular road blocks in border areas close to the Republican stronghold of Cross-

Kidnap claim

Basque guerrillas said they have to 87.7 (87.3)... kidnapped leading Spanish parliamentary deputy Javier • GOLB rose 53 to \$333.50 in Ruperez who went missing in Landsn. Madrid yesterday. Sources in Bilbao said the Basque Separatist organisation ETA made the claim in a communique Basque news organisations.

Carl sentences

Robinson, 45, and James Vincent Hickey, 25, convicted of murdering 13-year-old newsboy Carl Bridgewater, have been sentenced at Stafford Crown Court to life imprisonment Michael Hickey, 17, also tivity before the Government found guilty of the murder, is to be detained during Her Majesty's pleasure and Patrick Molloy, 51, has been sentenced to 12 years for manslaughter.

Fire halted

Firefighters in the town of Mississauga near Toronto contained a blaze that had threatened to spark a poison blast and forced the evacuation of nearly a {m people. Page 4

'Forces out' call

United Nations members from four continents backed a call for the immediate withdrawal of all foreign forces from Kamouchea at the start of a General Assembly debate on Cambodia

BBC strike

BBC television programmes were affected after engineers staged a one-day unofficial strike over a grading pay claim.

UFO report

A Spanish airliner carrying 119 passengers made an un-scheduled overnight stop in Valencia after the pilot reported unidentified flying object shortly after taking off from Majorca.

Briefly . . .

Verdict in the trial of former Slater Walker director Richard Tarling in Singapore has been postponed until next Tuesday. Three workers were killed in a chemical factory explosion in

Sicily. About 30 people died when a bus crashed into the River Vegu

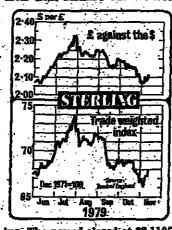
CHIEF PRICE CHANGES YESTERDAY



BUSINESS

equities fall; £

- EQUITIES weakened, unable to extend Friday's technical recovery and overshadowed by the general short-term gloom. The FT 30-Share Index lost 7.9 to close at 413.0.
- GILTS fell for the eighth successive session on interest rate anxieties following the rise in bank base-rates, although losses were pared in late trading. The Government Securities Index shed 0.15 to 65.33.
- STERLING was firmer due to market resignation over an imminent rise in MLR and the probability of higher oil prices after next month's OPEC meet-



ing. The pound closed at \$2.1105 (\$2.0920) and its trade-weighted of 68.0 (67.3).

• DOLLAR rose to DM1.7980 (DM1.7945) and SwFr 1.6655 (SwFr 1.6530). Its index rose

● WALL STREET was up 7.51 at 813.99 shortly before the

• THE GOVERNMENT has given an assurance that it will not stand in the way of the sale to the private sector of British Steel Corporation's Shotton and Corby works. Back Page

• BL WORKERS will have to accept relatively low pay rises and agree to improve producagrees to release the £425m of State freads the corporation is seeking

EXPRESS NEWSPAPERS has dropped plans to introduce computer typesetting or photocomposition. Page 10

• MINERS' LEADERS expect the National Coal Board to improve on its offer of rises between 11 and 15 per cent today, and are unlikely to acept much less than 20 per cent. Page 12.

• THE DECISION by Findus to build a £20m food plant near Newcastle could provide an extra 1,000 new jobs. Page 11.

♦ VAUXHAL MOTORS almost secured complete acceptance by its 26,000 manual workers of its 17 per cent pay offer, when Merseyside men voted to end their 10-week strike. Page 12.

COMPANIES

• FRIONOR, the Norwegian frozen food company, reports a 13.4 per cent rise in turnover to NKr 1.1bn (£106m) for the year to June 30. Page 26.

● NORWEST HOLST profits before tax in the six months to September 30 rose to £2.42m (£2.17m) and shares put on 9p despite extraordinary losses of £4.3m. Page 20.

STOCK MARKETS

THE FT WORLD STOCK markets page acquires a new look today. Several indices have been changed and stock price lists have been revised. The space devoted to Japanese shares in particular has been increased. World stock markets Page 30. Int. company news Page 26 and 27

Howe gloomy about Gilts and chances of large tax cuts next year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Sir Geoffrey Howe, the Chancellor, yesterday warned against expecting big income tax cuts in next year's Budget and stressed that bringing the money Lord Mayor's banquet in supply under control would have priority.

He told a conference of busi- present financial crisis of connessmen in London that patience would be needed in the quest for a lower tax burden. Even that important task cannot, and will not, be allowed to blunt our determination to keep borrowing down and the money supply under control."

Sir Geoffrey said he hoped to make further cuts in the basic rate of income tax in the years ahead but highlighted the large revenue costs of such cuts. While avoiding any specific commitments for next year, he said that " no Chancellor at this time could encourage overgenerous expectations.'

He pointedly noted that "with day that passes" he ed more clearly the apalling constraints imposed upon the British economy by a combination of low growth and in-built public expenditure."

Sir Geoffrey's speech repre-sents a further stage in the Government's attempt to lower expectations in view of economic problems which are even more intractable than expected. His comments also highlight the Government's limited room

for fiscal manoeuvre and in particular the potential conflict between ministers' desire to reduce public sector borrowing in 1980-81 and the upward pressure on borrowing as a result of the recession.

fidence. It is now almost taken for granted both in the City and Whitehall that there will be a statement on Thursday, prob-

Wider share ownership call

The Government favours measures to encourage direct private investment in shares, Sir Geoffrey Howe said yesterday. "We want individuals to invest directly in sharesshares of big quoted com-panies and shares of small new enterprises and in particular the shares of the companies in which they work and on which their livelikood depends . . We must use every sensible means, including fiscal changes, to remove any undue bias against investment," the Chancellor declared.

Lombard Page 16 Money Markets. Page 29 Lex. Back Page

ably combining a rise Minimum Lending Rate from 14 per cent to at least 15% or 16 cent, an announcement Sir Geoffrey made no about the monetary target for reference, however, to the the next 12 months, and the

future of the corset controls on the banks.

Yesterday. officials were attempting to assess how wide-ranging the statement would have to be to enable the Government to regain the initiative in financial markets, and par-ticularly to enable it to sell gilt-edged stock again on a large scale.

The Government is considering whether to include on Thursday a commitment in principle to the introduction of a medium-term financial plan. This would set out monetary targets for some years ahead and it has been widely favoured in the City.

The urgent review within Whitehall includes a re-examination of all the familiar options, including hire purchase

It is also possible that any statement might include references to the liquidity of banks and their foreign ex-change positions in the after-math of the removal of exchange controls.

The only political comfort for the Government yesterday came the Government yesterday came and we shall return to this from the building societies. Mr. theme in future budgets." Norman Griggs, secretary general of the Building Societies hard decisions. "Sometimes we have to prescribe unpleasant unlikely that the increase in the mortgage rate in January would be higher than already-announced a point rise

Industrial production falls sharply

BY PETER RIDDELL

INDUSTRIAL OUTPUT has lar three-month comparison. fallen sharply since the early summer, largely because of the engineering dispute and other

Central Statistical Office figures yesterday show that in-dustrial output from July to September was about 21 per cent lower than in the previous three months. This can almost entirely be explained by the vanious strikes.

Output was particularly badly

hit in September, when the allindustries index was 110 (1975=100, seasonally adjusted) compared with an average of 115.3 in the previous three months. Manufacturing production was even worse affected

After adjusting for these disputes, the underlying level of industrial activity seems to have been fairly flat since the April-June period. Output was relatively high then following the sharp recovery from the depressed level of production in the winter. There is a general expectation

that output will pick up to some extent in the current quarter. after the end of the engineering

than in the late summer. with a 7 per cent fall on a simi- a weakening of demand and

imply slightly higher levels of manufacturing production now

The Confederation of British

Industry's most recent forecasts

Most opinion surveys point to

The detailed figures show that North Sea oil and gas accounted for a large part of what growth there has been If the depressed July-to-

activity in the first half of next

September level of production is compared with the same period a year earlier, output of non-North Sea industries fell by 11 per cent, while gas and oil oduction rose by 50 per cent. One bright feature of the latest figures was a 5 per cent. rise in coal output in the Julyto-September period compared with the previous three months, partly reflecting productivity.

Otherwise, engineering output Continued on Back Page

BP offer 50% oversubscribed

sale of 80m British Petroleum shares has been 50 per cent oversubscribed, but the news of the allocation terms created no scramble in the stock market. Small investors-those apply-

ing for 1,100 shares or lessget all they applied for; applicants for up to 2,400 shares will get 1,115; larger applications will be scaled down to 45 per cent of the shares asked for. BP employees applied for 2.17m shares, and as promised applications were honoured in full. A further 1.97m were allocated to the company's employee share year. scheme. Together these two Th

agement 16

THE GOVERNMENT offer for tranches mopped up 5.17 per opened at 156p, against a cost of cent of shares on offer. The Bank of England announced the terms of the allocations at 9 am. By then the jobbers were already at their pitches in the stock market, having been given a extra half hour's grace to prepare for a possible rush of dealings at 9.30.

In the event dealings were slight. The "stags," those those planning to buy shares in the expectation of being able to sell them at a profit almost market had been "disappoint-immediately, had apparently ing" in their terms, though shied away from the issue they admitted that absence of a because of the weakness of BP's share price over the last The new partly paid shares

150p, but soon dropped to 150p before finally settling at 154p. The Ordinary shares also lost further ground, falling 6p to The Stock Exchange had

arranged for oil jobbers to keep their pitches open until 5 pm an hour-and-a-half after normal closing. But by 2 pm it had assessed the demand and cancelled the late closing. Dealers openly said that the market had been "disappoint

dealing scramble must have pleased the Bank. Picture. Page 8

Lex. Back Page

Survey: insurance inset

Nuclear Deterrent: balances of argument Lombard: Monetarism and Mrs. Thatcher, by Peter Riddell 16 for Britain 18 ED 24 and Company Taxation: cost Editorial Comment: the economy, civil accounting, the pace hots up 19 service Korea — North and South: political turmoil heightens superpower un-Local Council Pensions: "extravaease 4 23 Management: the entrepreneur who saved Remington Razor 15 Munich: the discreet money-makers 24 Film and Video: how not to train man-

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ntes LIK 20-22.	25	Management	15	Today's Events	19	Lawtex
rord	16	Men and Matters	18	TV and Radio	15	Newman Tonks
	16	Mining	. 21	UK News:		Ramar Textiles
	26	Money & Exchags.	29	General8, 10	, 11	Bolinco NV
	2-3	Oversess News		Labour	12	Spancer Gears

For latest Share Index phone 01-246 8026

Thatcher hints rise in interest rates near

By Richard Evans, Lobby Editor

THE "unpleasant and even painful remedies" that the Government will have to introduce to defeat inflation were confirmed by the Prime Minister

In particular, Mrs. Margaret Thatcher said the recent bank lending figures were a serious disappointment and the Govern-ment would take "whatever action is necessary to contain the growth of the money supply.

The clear implication was that the interest rates are likely to

The Prime Minister's message was that this Government would face economic realities and would not be deflected from reducing inflation by essentially

monetarist policies.

She argued it was still difficult to put across the message that the only cash the Government had came from taxation and from borrowing. "Pennies don't fall from heaven they to be earned here on

earth," she declared. The Government had embarked on a long-term pro-gramme aimed at reducing the share the State took from the country's national resources. She was not wholly pessimis-

tic on the prospects for further cuts in taxation. "Already we have made major tax changes

have to prescribe unpleasant and even painful remedies but that is because we really care about curing the disease that has afflicted Britain." The underlying theme of her speech was that responsibility

for prosperity lay on individuals, not just the Government.
With the Dublin European Economic Community summit looming closer, the Prime Minister stressed that Britain could continue no longer as Europe's " most bountiful benefactor." She said that the very survival of the Community depended on equitable solutions.

Once again she had strong words for the Soviet Union for compelling NATO to increase its defence spending. She stressed that NATO must not fall further behind and decisions needed very soon would be hard

On Rhodesia, Mrs. Thatcher emphasised that days of decision lay just ahead. She warned Mr. James Callaghan and the Labour Party that "a terrible burden would rest on any party which unreasonably withheld its agreement and thus denied peace to Rhodesia

Carter bans Iranian oil imports

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT JIMMY CARTER announced yesterday that he been informed of the U.S. action only 15 minutes before it was made public, and described the was banning direct importation of Iranian oil because of the holding of American hostages President's order as "an act of self-discipline on our part' He said that no arrangements ad been made in advance for at the U.S. Embassy in Tehran. Appearing in a White House additional purchases of crude oil from other producing countries, and added that the impact Press room to disclose his move, a grim-faced Mr. Carter made it clear that the U.S. had no intention of bowing to of Mr. Carter's order on domestic oil prices depended on the effectiveness of U.S. economic pressure from Iran to secure release of the 60 or so American diplomats held hosdomestic conservation. tage following the storming of Mr. Duncan said that in the event of supply problems, stand-by allocation laws were already the mission in Tehran two

weeks ago. The President said: "We continue to face a grave situation." He called demands for release of the deposed Shah to the Iranian Government "unacceptable." He would "refuse to permit the use of terrorism to impose polítical demands.

"No-one should underestimate the resolve of the American Government and the American people to resist demands of the Iranians," he added.

Iran supplied the U.S. with about 700,000 barrels of oil a day, just under 10 per cent of total oil imports, and between 4 and 5 per cent of total consumption. Mr. Carter did not state whether the U.S. would make up

the shortfall by additional pur-

chases from elsewhere, either through other countries or on the volatile spot market. He did, however, issue strong plea for Americans to assume some of the burden by on two vulnerable fronts. using less oil, and said he was

instructing Mr. Charles Duncan, porarily overshadowed the his Energy Secretary, to confer drama being played out at the with Congress on additional U.S. Embassy, where young conservation measures. Mr. Carter added that the U.S. would shorty confer with other major oil-consuming countries on the whole issue. U.S. conservation, he said, must be part Iran for trial.
of an "effective international The official
effort" to deal with the reported that

problem. He said that "the lives of our fighters was continuing for the people in Iran are at stake." second day. Two important straint so far in their reaction to the Iranian crisis, and urged a continuation of this while every available channel explored resolve

did he mention Ayatollah Iran's leader, by Khomeini, name, and White House officials work. were at pains to emphasise that his approach was not designed to offend the revolutionary régime in Iran. nI a special briefing after the

President had spoken, Mr.

Cyrus Vance, the Secretary of

renewed backing from the Ayatollah in their refusal to free their hostages until the deposed Shah is returned to The official Pars news agency reported that a widespread offensive by Kurdish irregular

Moslem

on the books to alleviate any regional hardship. The Admini-stration is clearly relieved that it has virtually reached its

target of building up stockpiles

of home-heating oil to the desired 249m barrels-a-day level

Andrew Whitley writes: A

fresh offensive by rebel Kurds

Saudi Arabia may soon bring

its crude oil prices more into line with other producers. It

is felt in the industry that the

kingdom is becoming dis-

illusioned with the results of

its moderate oil pricing policy. Back Page.

Radical at Iran Foreign

Ministry, Page 4

unemployed workers in the capital last night had Iran's

Moslem rulers on the defensive

The new developments tem

militants received

and a violent demonstration by

before the winter.

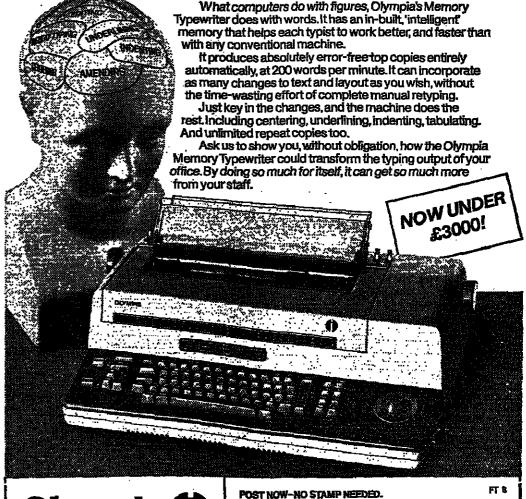
He thanked the American cities, Sanandaj and Saqqez, are among places under attack In the capital hundreds of unemployed workers, many of stormed the Ministry of Labour chanting "We want work" and America and reaction are the At no stage in his remarks source of our unemployment." some 24m Iranians are out of

second day. Two important

Foreign envoys from many of the 75 countries represented in Tehran, assembled at the Foreign Ministry to hear Mr. Abol Hassan Bani-Sadr, supervisor of external affairs, ask State, revealed that Iran had U.S. for extradition of the Shah.

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EUROPEAN NEWS

Swiss change of heart on reserve role for franc

should provide diversification

instruments denominated in

At the moment, there seems

little sign that major central banks are willing to change

what Morgan Guaranty calls their "negative attitude towards

reserve currency responsibili-

some weakening in the role of the dolar, which accounts for

about 80 per cent of world for-

eign exchange reserves. But the other major countries are afraid

that too big a build-up of for-

eign holdings of their curren-cies could be a potential source

of exchange rate pressure.

Dr. Helmut Schlesinger, the

Bundesbank's chief economist,

stated last week that the

" development of the Deutsche-

mark as a reserve currency must

be dampened."

Despite the abolition of re-

orrowing sterling, the Bank of

The U.S. is willing to see

markets," it said.

THE Swiss National Bank has from the industrialised nations receptly taken a significant step towards boosting the reserve currency role of the Swiss their own currencies to divert franc. The move highlights a such funds from the Eurogrowing need for the world's market. An orderly move to monetary authorities to offer facilities for increasingly wealthy central banks from developing countries to diversify their official resources. sify their official reserves out of dollars into other major cur-

No co-ordinated action, other than the International Monetary Fund's scheme for a substitution account, is presently being very much on the minds of cen-tral bank governors gathered here for their monthly meeting under the auspices of the Bank -for International Settlements.

Dr. Fritz Leuitwiler, the Swiss national bank president. said last week that the possi-bility was being studied for foreign central banks to hold Swiss franc deposits and money market paper at the national bank. Already, in a little publicised transaction in September, the bank allowed 35 central banks and Government institutions to buy SwFr 200m of fouryear notes issued by the World strictions on foreign countries

The moves mark an about- England is trying to restrict face in Switzerland's tradi- sterling's role as a reserve curtional reluctance to acquire a rency to the limits set in 1976. reserve currency role. The The Bank of Japan has a reason is that the Swiss authorisimilar attitude. But if the Swiss ties would rather themselves succeed in channelling official monitor a controlled inter- demand for Swiss francs into nationalisation of the franc than long-term and stable investsee it taking place anyway in ments, the example could catch a haphazard, unsupervised on Central bankers' attitudes fashion on the Euromarkets. sometimes can be remarkably

About \$150bn of official for- flexible. eign exchange holdings are John Wicks writes from held on the Euro-market. The Zurich: Forecasts for the de-overwhelming majority of these velopment of the Swiss economy holdings belongs to developing next year have been adjusted countries and lesser industrialised states, whose total currency Economic Research at Zurich's reserves now amount to about Federal Polytechnic. The Insti-\$250hn. Many of these balances tute has altered from 1.4 per are held in non-dollar curren- cent to only 0.5 per cent its esticies, the proportion of which mate of gross domestic product has risen rapidly in recent years growth next year. This is about in line with central banks' desire to diversify.

Morgan Guaranty Trust, the deceleration of world economic big U.S. bank, recommended growth in 1980, with sharper last month that central banks monetary controls abroad

Searchers call off Norwegian ship hunt

By Fay Gjester in Oslo

THE Norwegian authorities yesterday morning called off the air and sea hunt for survivors of the oil/ore carrier Berge Vanga, which disappeared in the south Atlantic two weeks ago. The 224,000 tonne dwt Norwegian ship was officially declared lost on Friday, after wreckage found in the area indicated that there had been an explosion on board.

It has been learned, meanwhile, that a small explosion occurred two month ago on a sister-ship, the Berge Brioni. The accident occurred at sea between Japan and Singapore while a welder was repairing a leak in an oil line in the ship's double hull. The incident was not reported to the Norwegian authorities be-cause it was regarded as minor. No one was hurt and no damage was done.

The Berge Brioni arrived with an oil cargo at Rotter-dam on Saturday evening. Like the Berge Vanga's other sister ship, Berge Adria, it is to be converted to carry only dry cargo — a decision the owners took after the Berge Vanga's loss. Four years ago, the other vessel in the series, the Berge Istra, was lost through an explosion in the western Pacific. Like the Berge Vanga, it was carrying iron ore from Brazil to

Japan. The loss of the ship has again focussed attention on the risks of combined carrier operation, and the Norwegian Shipping Directorate investigating whether safety rules on these ships needs further

Its report is due by December 1. Meanwhile the Directorate has hanned welding and work with open flames on all areas of combined carriers where there may be a risk of

The decision to end the search for the Berge Vanga was taken by staff at Norway's the same as its 1979 forecast. The latest report assumes a main rescue centre in Sola. near Stavanger, which has been co-ordinating the

N-power vital to pulp industry, Swedes told SOME 20 per cent of the that the price of electricity would have to be abandoned. shifty of about half the mills a year in the beginning of the Swedish pulp and paper in cost of generating alternative tricity price could be held to that they would be unable to mess during the 1980s, if the electricity in coal-fired power swedish people vote against electricity in coal-fired power total output of pulp and paper capital. The result would be

nuclear power in a national

These conclusions are from a study made by the INDEVO newsprint and magazine produc-consulting company on behalf of the Swedish palp and paper of the Swedish palp and paper association (SPPA). It assumes the Index of the Swedish palp and paper association (SPPA). It assumes the Index of the I

An increase of this size would referendum next March. The threaten the jobs of about industry's net export earnings, expected to reach SKr15bn (£1.7bn) this year, would be over a third lower by 1890.

These conclusions to be a further to the industry, the study of the s estimates. Some 17 per cent of

total output of pulp and paper capital. The would be 10-12 per cent with a stagnation. potential loss of some 16,000 SPPA con

jobs, according to the study

SPPA contrasts this sombre picture of the effect of a vote

ment approval for a SKr 3.25 investment in two new coal-fire plants to supply electricity consequences than those out recent calculation that, if it plants would be needed, what comments Mr. Bo Wergens, reasonable price Swedish reports to supply electrically the second half of the 1980s. The supply electrically the supply electrically the second half of the 1980s. The supply electrically the second half of the 1980s. The supply electrically the supply electrically the second half of the 1980s. The supply electrically the second half of the 1980s. The supply electrically the second half of the 1980s. The supply electrically the second half of the 1980s. The supply electr

ICELAND HEADS FOR GENERAL ELECTION

Tough decisions needed to combat inflation

only cure may be a generation shift among their political leaders, for one of inflation's more insidious effects is that it creates addiction and resigna-tion among those who have had

year bout of recurrent price rises permeates the social atmotion could be beaten by taking two jobs and by borrowing at negative rate of interest,

Today the young are rapidly losing all faith in the money economy, the old grieve at the collapse of their values, while even the bold who improved their material well-being by amassing swiftly - depreciated debt are heartily sick of the

It is in this climate that Aceland's politicians are lining up for a new general election on December 2 and 3. The poll has been brought about by the collapse of the left-wing coalition formed by the Progressive Party leader, Mr. Olafur Johan-nesson, in September 1978. The Progressives, mainly a farmers party with 12 of the 60 Althing Alliance (14 seats) and the Social Democrats (14). The conservative Independents (20) formed the opposition.

bring the rate of inflation down

THE Icelanders are a hardy for a deficit of around IKr 5bn race. They have resisted the (\$14.3m), that consumer prices storms of the North Atlantic would rise by about 55 per cent and the rigours of life on their during the year and that bor-barren, volcanic island for over a thousand years. But their higher than in 1978. Their morale is now being sapped by leader, Mr. Benedikt Gröndal, a modern disease-inflation. The is now running a caretaker

One setback to the coalition's plans was the rise in oil prices. iceland buys most of its petroleum products from the In the capital, Reykjavik, prices at the level prevailing people's frustration after a six-year bout of recurrence on the Rotterdam spot and the statement which fixes prices at the level prevailing on the Rotterdam spot and the statement which fixes processes at the level prevailing on the Rotterdam spot and the statement which fixes processes at the level prevailing on the Rotterdam spot and the statement which fixes prices at the level prevailing the statement which fixes processes at the level prevailing the statement which fixes processes at the level prevailing the statement which fixes prices at the level prevailing the statement which fixes prices at the level prevailing the statement which fixes prices at the level prevailing the statement which fixes prices at the level prevailing the statement which fixes prices at the level prevailing the statement which fixes the statement which fixes prices at the level prevailing the statement which fixes the statement which fixes the statement which fixes the level prevailing the statement which fixes the statement which it is statement which the statement which the stat Fuel oils are vital for the fishing fleet and to a large extent sphere. Five years ago Ice- for house heating. The rise in landers would cheerfully explain the Rotterdam prices will anders would cheerfully explain the Rotterdam prices will how at the personal level infla-tion could be beaten by taking year and the Russians have declined a request to supply crude oil next year which the Icelanders could have refined on their own account in Western Europe.

But the oil problem does not account for the government's failure to meet its targets. It will help to enlarge the current account deficit to some \$14m this year, but the fish catch has been big, exceeding the limits set by the marine biologists, and export prices for the fish have been good. Aluminium prices have improved and the country's smelter has been working to capacity. A new ferro-silicon plant came into production in June.

The trade picture is thus buoyant even after the oil price party with 12 of the ovaluation increases, and the economy management) seats, had as their increases, and the economy management seats, had as their increases, and the economy management of the oil price of the oil price 1979. The effect of the oil price on a short-sighted amendment increases on the fishing industry to the wage-price index system ormed the opposition. has been attenuated by a by which the full wage compen-Mr. Johannesson promised to gradual depreciation in the sation payable after a three-oring the rate of inflation down value of the krona against the month increase would be from 50 to 30 per cent in 1979, dollar since the last devaluation adjusted to the change in the



Ludvik Josefsson, leader of Iceland's left-wing People's Alliance: question mark over

between wages and the consumer price index and a further link to farm prices. This cat's cradle could be cut through only by a totalitarian approach impossible in Iceland, while unravelling it calls for political determination and finesse of a very high order.

The Johannesson Government aimed at holding the increase in wages to 5 per cent a quarter during 1979. It quickly dropped that target after the People's Alliance, which is strong in the unions, insisted on obtaining adequate compensation for price increases

Instead, the Cabinet agreed

will have deteriorated by 2 per cent. So on December 1 wagehappen to Iceland's inflation ter from 1974 to 1978, is highly should its terms of trade respected but lacks the popular

-To beat inflation the next government must cut real inpolicy-mix to make the cut and the reduction in wage-price indexation palatable. Negotiations on a new national pay agree-ment are due to start and the Employers' Federation has already indicated that it wants tripartite talks with the unions and government to evolve an incomes policy. The position is complicated by the Icelanders' commitment to maintaining full employment.

Logically the new government will have to offer the lower paid major role. some form of compensation for the loss of indexation. The cost of this compensation could be met by raising taxes for other categories and by cutting pub-lic investment. The tax increases would have to be excluded from the price index.

The budget must be balanced, so that the central bank can stop printing money to finance the Treasury, and foreign borrowing must finally be curbed. The banks could finance a greater share of public borrowing. Automatic increases in farm prices should be dropped.

The medicine will have to be bitter and will need to be administered by a strong government. The Independents and Social Democrats are closest to agreeing on the mixture, and immediately after the collapse of the Johannesson Government appear to be an election issue.

Since then their election pro-

the National Economic Institute In Reykjavik, where they need estimates that the terms of trade to recover seats lost in 1978 they are presenting a list of old, familiar faces whose appeal earners will get only an 11 per cent increase in pay. One shudders to think what will grimsson, who was Prime Ministeness to Tolland's infection

The other parties have prolems with their leaders. comes. But it must get the right Social Democrats can scarcely expect to hold the gains they made in 1978, when a group of young candidates took the voters by storm with new-broom promises. The Young Turks are not happy about Mr. Gröndal's leadership.

> Mr. Johannesson, who is 66 has talked of retiring and the Progressives have a new chairman, but as the election campaign advances suspicions have grown that the former premier intends to continue to play a

> The same applies to Mr Ludvik Josefsson, 65, People's Alliance chairman, who is not seeking re-election to the Althing. The record of both these leaders suggests that they would not welcome the tough deflationary economic package. about which their juniors might iust agree.

Like the weather the Icelandic political scene remains unstable and cloudy. One cannot be sure that the election will produce a coalition ready to tackle inflation effectively, although Mr. Hallgrimsson seems determined to try, if he gets the chance. For Iceland's NATO allies there is the consolation that opposition to the air base at Keflavik has been completely overshadowed by the economic issues and does not

EXECUTIVE REDUNDANCIES

downward by the Institute of

your company handling it well? More and more it is not entirely the fault of the

with close professional support enabling them to have enthusiasm and genuine confidence for their

ONWARD PLACEMENT FACULTY

Democrats pulled out early in Icelanders have erected a verit- September 1 and December 1 October, when it was apparent able cat's cradle of indexation. London WCIE 6HA this year prices are expected to Its two major strands are a link increase by 13 per cent. But pects appear to have weakened.

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BARRE MAY CALL FOR CONFIDENCE VOTE

Crisis week in French budget row

BY ROBERT MAUTHNER IN PARIS

RPR party, one of the two main coalition partners, could blow up into a major crisis if no compromise is found by the end of this week.

Though the first reading of the Finance Bill is due to be completed in the National Assembly by Saturday, M. Ray-mond Barre, the Prime Minister, has not succeeded yet in-persuading the Gaultists to modify their demands for large cuts in Government expendi-

As a result the possibility is growing that the Government will make the budget a question of confidence. Such a procedure would lead to the automatic adoption of the Finance Bill, unless an absolute majority of the National Assembly votes in

So far, the Gaullists have

Leading

banks put

During that time the rate asked of French banks' most-

favoured clients has gone up by

over 30 per cent, from 8.8 per

cent in early June.
The increase followed con-

tinued upward pressure on the

money market, where day-to-day rates surged above 12 per cent

at the end of last week. Other

French banks are expected to

come into line within a few

quence of U.S. and West Ger-

up rates

THE DISPUTE over France's insisted that they will not take ing the Gaullists' demands, by 1980 budget between the their opposition as far as bring offering to make expenditure Government and the Gaullist ing down the Government. But even if they do not vote

But even if they do not vote for a censure motion, which can only be adopted with their support, relations between the coalition partners will have been seriously damaged. This will make it increasingly difficult for President Giscard d'Estaing to win parliamentary support for his policies.

Three week's ago, the Gaullists engineered the defeat in Parliament of the entire revenue section of the budget by abstaining when it came to the vote. Their gesture was provoked by the refusal of the Government to accept a Gaullist amendment to reduce the central administration's running costs by as much as FFr 2bn (about £220m).

be raised further by between FFr 100m and FFr 200m if it came to the push. But the Gaullists have given no sign that they are prepared to accept such relatively small reduc-

In the meantime, the National Assembly has blithely continued to discuss the spending side of the budget, without making any major modification in the proposed budgets of the various government departments.

In reply to M. Barre's suggestion that a working party. grouping representatives of the two main coalition parties, should be set up to discuss a compromise, the Gaullists have done no more than to emphasise that it is up to the The Government has gone Government to propose how only a short way towards meet-expenditure could be reduced.



M. Raymond Barre: no luck with the Gaullists.

Strikers call on Minister to act

BY TERRY DODSWORTH IN PARIS

pany, have asked for the inter-SEVERAL LEADING French new Labour Minister. The move banks raised their minimum represents a last-ditch attempt per cent. lending rates from 11.05 per to solve the seven-week-old sitcent to 11.5 per cent yesterday, in which has become a test case creased wages, the Alsthom in response to the trend towards for the Government's anti-infla-

West Germany.

The demand follows a series

The latest rise, led by of discussions between manageBanque de l'Indochine et de Suez and followed in quick succession by Banque de Paris et des Pays-Bas and Crédit du Nord, marks the seventh successive increase in less than six months.

The demand follows a series main points in the union argument for improving conditions and reducing unemployment. So far, Alsthom management has refused to yield on the main points in the union argument for improving conditions and reducing unemployment. So far, Alsthom management has refused to yield on the main points in the union argument for improving conditions and reducing unemployment. So far, Alsthom management has refused to yield on the main points in the union argument for improving conditions and reducing unemployment. So far, Alsthom management has refused to yield on the main points in the union argument for improving conditions and reducing unemployment so far, Alsthom management has refused to yield on the main points in the union argument for improving conditions and reducing unemployment so far, Alsthom management has refused to yield on the main points in the union argument for improving conditions and reducing unemployment so far, Alsthom management has refused to yield on the main points in the union argument for improving conditions and reducing unemployment so far, Alsthom management has refused to yield on the main points in the union and reducing unemployment so far, Alsthom management has refused to yield on the company's work force was points, leading to fears of a head-on conflict if police are called in to clear workers off the company's unemployment so far, Alsthom management has refused to yield on the company's work force was points, leading to fears of a head-on conflict if police are called in to clear workers off the union proving the conciliant so far and the conciliant

A recent ballot called by the the

UNION LEADERS in the bitter local conciliation committee court order authorising such strike at Alsthom-Atlantique, gave a 62 per cent vote in sup- an action has been held in the French engineering comport of continuing the dispute; respite for a week, but could the number of people who vention of M. Jean Matteoli, the voted rose from 59 per cent at the beginning of October to 75 Apart from demanding in-

more holidays as one of the and conditions claim. dearer money in the U.S. and tion policy.

The demand follows a series main points in the union argu-

be activated at any time. The government conciliation

services have also been asked to intervene in the long-running dispute at Dassault, the aerocreased wages, the Alsthom space company, which has workforce has been seeking broken out over a similar salary

Other disputes which suggest further worsening in the labour situation, are continuing at Ducellier, the motor components company, Renault Industrial Vehicles, the commerhead-on conflict if police are cial vehicle manufacturer and called in to clear workers off in a division of Rhone-Poulenc, company's premises. A the chemical company.

Disruption increases at airports

THE SITUATION at French airports became increasingly chaotic yesterday. Neither the striking air traffic controllers nor their employer, the French The continued rise of French Government, showed any sign interest rates is seen as conse- of altering their position.

To press their demand for man monetary policy and, negotiations, traffic controllers secondly, of the French Govern- at the main operations centre ment's determination to keep near Paris turned the screw interest rates in line with tighter by announcing longer stoppages this week.

clearance Take-off and 7 pm in the nearest equivalent to an all-out strike since the present action began two weeks ago. Many flights were either cancelled or delayed, and timetables were changed to ensure long-haul services.

Thursday, take-offs from main pute.

was French airports are due to be refused yesterday between 8 am held up for most of the afternoon. Air traffic controllers at a number of other centres have come out in support of their Paris colleagues.

The independent National Air Controllers' Union Traffic Similar 11-hour stoppages are attacked the "intransigence planned on Wednesday and Fri-day this week. Today and on demanded mediation in the dis-

Hague talks on more missiles for NATO

By Reginald Dale, European Editor in The Hague

NATO Defence Ministers meet in The Hague tomorrow to prepare the way for one of the most important decisions the alliance has made in 20

The hope is that after two days of talks in the nuclear plan-ning group, the allies will be ready to announce a major strengthening of their nuclear forces in Western Europe at the annual winter meeting of Defence and Foreign Ministers in Brussels next

The move would be accom-panied by a package of new arms control initiatives to be put to the Warsaw Pact. At their meeting in The Hague, the Defence Ministers will be concentrating on the nuclear side of the equation—arms control is in most countries the concern of Foreign Ministers.

The attitude of the host country, the Netherlands, will be of major importance. The U.S. and Britain have already given their approval to a plan to deploy 572 new American Cruise and Pershing 2 missiles in Western Europe to counter the build-up of Soviet intermediate range

nuclear weapons. West Germany, while favour-ably disposed, has said that at least one other continental country must also accept the new missiles. It would prefer all three countries in question - the Netherlands,

Belgium and Italy—to do so. Italy and Belgium have come close to announcing their readiness to act as base countries, putting pressure on the Dutch to follow suit. But the Dutch Government faces strong parliamentary resistance from the Labour Opposition and from within the ranks of the Christian Demo-crats, the major partners in the Centre-Right coalition. The fear in Washington, Bonn

and London has been that if the Dutch hesitate, the Italians and Belgians might also waver. So far Rome and Brussels appear to be standing firm. But even if they continue to do so, the alliance could be faced with a damag-ing split if the Dutch fail to commit themselves fully-for example by agreeing to prothe final decision to deploy rise by 4 per cent. and initial the final decision to deploy rise by 4 per cent. State compensation in this available. the new weapons.

Demirel takes office after cabinet ratified

BY METIN MUNIR IN ANKARA

NEW Prime TURKEYS Minister, Mr. Suleyman Demirel, took office yesterday after President Fahri Koruturk ratified his 29-member Cabinet

The Justice Party leader is

replacing Mr. Bulent Ecevit, the Social Democrat who resigned after 21 months in power when his Republican People's Party suffered severe by-election setbacks.

Mr. Demirel's will be a minority Government backed by Right-wing parties and indepen-dent members in the National

Assembly.
Formidable problems face the new Administration. Tough measures are needed to stabilise measures are needed to stabilise the seriously alling economy. Political violence, which claims several lives each day, is bordering on anarchy. The foreign policy agenda is dominated by defence difficulties with the U.S., deadlock in relations with the Common relations with the Common Market, and problems with Greece and Cyprus.

Mr. Demirel has chosen his ministers from among the moderate and uncontroversial Justice Party MPs. Mr. Ismet Sezgin (50) is Minister of Finance. He has been an MP for 18 years, formerly serving as Minister of Sport. He is also a veteran of Parliament's budget

committee.

Mr. Sezgin is expected to change the governor of the central bank and the head of the Treasury, as well as making sweeping alterations in his ministry. Similar action is expected in the other ministries.

The Minister of Foreign Affairs is Mr. Hayrettin Erkmen (63). As Minister of Labour and Trade in the Menderes Governments he was goaled after the 1960 coup but was released after an amnesty. Several other ministers were members of Mr. Menderes'

administrations. At 55, Mr. Demirel has more than eight years of experience as Prime Minister.

EEC funds proposed to compensate sheep farmers

BY MARGARET VAN HATTEM IN BRUSSELS

political predicament on lamb, mates it would need to buy up yesterday proposed that Company about 20,000 tonnes, would add munity funds be used to company about 35m units of account to pensate French sheep farmers this. should their prices drop as a result of British imports.

Ministers meeting here, the Commission estimates that litiing the present illegal French import curbs on British lamb would cause French prices to drop by 12 per cent. British prices would rise by 8 per cent, and in other producer countries, mainly Ireland, they would drop

by about 5 per cent.
Paying direct aids to comwould cost 106m units of munity average, and excluding account, it says. In a crisis the highest and lowest qualiyear, French prices might drop ties of meat. by 16 per cent, Irish by 8 per duction but seeking to defer cent, while British prices would

The EEC Commission, in an would cost 166m units of apparent attempt to help the account while intervention by French Government out of its the Commission, which esti-

The Commission argues that this compensation should come In a working paper presented out of the Community budget.

o Common Market Farm It opposes British, Danish and West German suggestions that the aid be phased out over the next few years, and suggests that full compensation be paid initially for five years.

Moreover, the Commission appears to favour a limited amount of intervention buying between August 15 and December 15, in regions where Paying direct aids to com-pensate farmers for lower prices cent or more below the Com-

Ministers began their talks yesterday behind closed doors and initial reactions were not

W. German Liberals oust local party chief

By Jonathan Carr in Bonn

IN A MOVE evidently dictated by fears of serious election losses next year, the West German Liberal Free Demo-cratic Party in the country's most populous state has ousted its own leader while he lay ill in bed and named a succes In a statement yesterday, Herr Horst-Ludwig Riemer, chairman of the FDP in North Rhine-Westphalia, accepted his colleague's decision and said he

would also step down as the state's Economics Minister. There has been widespread surprise and some critical Press comment at the apparently "illiberal" way in which the local FDP voted for removal of Herr Riemer late last week. In the presence of party leaders from Bonn, it was decided that Herr Riemer should go and that Herr Burkhard Hirsch, the present state Interior Minister,

should replace him. Herr Riemer has angered party colleagues by acting in a way they consider high-handed, not least by apparently discussing party personnel changes with the Press before those con-

cerned knew of his plans. With state elections due in North Rhine-Westphalia next May, and federal elections next autumn, it was clearly felt that the time had come for the party to close ranks around a new state leader, able to engender

more team spirit.

The need for quick action has been emphasised by the recent rise of several smaller parties, which could threaten the FDP's election success and, indeed, its survival as a parliamentary force. An FDP failure in North Rhine-Westphalia could well have repercussions at national

Basque guerrillas claim kidnapping

Basque guerrillas said yesterday they had kidnapped Sr Javier Ruperez, a prominent member of the ruling Union de Centro Democratico, writes our Foreign Staff. This and growing violence in the Basque country, have come as an uncomfortable reminder of Spain's internal security problems. Sr. Ruperez, who is in charge of the party's foreign relations, disappeared on Sunday in Madrid. So far, there has been no word of conditions for his release.



OVERSEAS NEWS

Charles Smith, recently in Seoul, assesses the stormy relations between North and South Korea

Political turmoil heightens super-power unease

TO JUDGE by the deadpan that defence has been given tone of their reporting on the overwhelming priority by the allocation of tone of their reporting on the subject the North Koreans were as baffled as anyone else by the mysterious should be a subject to the North Koreans were as baffled as anyone else by the mysterious should be a subject to the North Koreans were economic and financial remysterious should be a subject to the North Koreans were as baffled as anyone else by the dent Park Chung Hee in Seoul ten days ago. But this does not mean the North is going to sit quietly through any political upheavals in South Korea that may follow the President's

This is one reason why great care is likely to be exercised by the interim government of the South in handling tricky issues such as constitutional reform and the procedure for electing a new president

The notion that North Korea still hopes to launch a surprise attack on the South at some time in the future is based on information about the North's de-fence expenditure rather than on any aggressive statement of intent from Pyongyang.

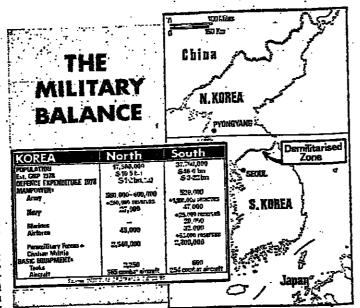
Roughly 20 per cent of the North's GNP is believed to be devoted to defence, compared with 6 per cent in the South. The smaller size of the North Korean economy means that in net terms there may not be much difference in the actual defence outlays of the two halves of the country, North Korea probably get better value for its money than the South in terms of actual hardware because less of its defence budget is used for the payment

mysterious shooting of Presi- sources, whereas South Korea has placed its main stream on the expansion of export indus-Seou l's watchers say the North would not have built up its forces to their present strength if it did not mean to use them for some

> Assessments of the North South military balance suggest that South Korea's armed forces would have little chance of holdwould have little chance of holding their own against a North Korean "blitzkrieg" attack aimed at capturing Seoul. The capital lies less than 50 kilometres from the military demanastrant line. demarcation line.

Such an attack would almost certainly lack the support of the Soviet Union and China, neither of whom appear to be interested in a hot war in the Korean Peninsula. But it does not look as if either of the major Communist powers would be in a position to stop Pyongyang

North Korea is dependent on the Soviet Union for arms (including MiG 21s) and on China and the Soviet Union for oil. Its stockpiles of both, however, are thought to be adequate for the 30- to 60-day campaign which might be needed to push



it would be well advised to pro-pose an armistice along a new ceasefire line south of the capital. Such a division would leave South Korea with much less than half the population of the Korean Peninsula, as opposed to its present 60 per cent share. The unification of

the non-Communist South would the loss of the capital. South Korea claims that the

main barrier to the launching of a northern "blitzkrieg" is the presence between Seoul and the military demarcation line of around 3,000 U.S. ground troops. ware because less of its defence south of Seoul. The Morth were to capture f soldiers' wages.

What is absolutely clear is Seoul, say the South Koreans, (as the South Koreans do) that the military demarcation line the country on Pyongyang's the South of Seoul.

If the North were to capture to follow "painlessly assuming to follow painlessly assuming to follow the payment to follow the country on Pyongyang's the military demarcation line the country on Pyongyang's the military demarcation line the country on Pyongyang's the American presence constitutes a guarantee of U.S. into the military demarcation line the country on Pyongyang's the South of Seoul.

If the North were to capture (as the South Koreans do) that the country on Pyongyang's the south of Seoul.

President Kim Il Sung, North Korea's ruler, who helped lead resistance to Japanese rule before 1945. He became head of the Democratic People's Republic in September 1948. He has dominated internal friction and main-tained a delicate balance in foreign relations between Moscow and Peking to become one of the world's longest-surviving political leaders.

portant in helping to maintain the status que than its actual numbers would suggest.

The fact that several hundred American nuclear warheads are almost certainly stockpiled near the frontier can also be presumed to be a factor in North calculations — even Korea's though the United States, in policy on such matters, declines to admit that they are there.

the U.S. military presence explains why South Korea did everything in its power during the three years after President Carter's election to persuade Washington to scrap the plan for a phased troop withdrawal which had formed part of Mr. Carter's election platform: With the withdrawal plan formally in a state of "abeyance," and with U.S. South Korean relations in better shape today than they have been for some years, it would appear that the South should be "safe" from northern

remains stable internally. But safety from immediate intervention should not be confused with long term security. The South Koreans point out North Korean ruling hier-archy are veterans of the 1930. anti-Japanese guerilla war and that, in relation to its size, North Korea is the most heavily armed nation in the world. Sooner or later, they argue, the regime must either change its spots or make use of the massive military capability it has built up over the past 20 years.

South Korea's ruling Demo-

cratic Republican Party has named Kim Jong-pil, a former Prime Minister, to succeed President Park as party president. Mr. Kim is a former for the Korean Central director of the Korean Central Intelligence Agency and was long an ally of the assassinated President.

Tension high as plea for Mayor of Nablus fails

Nablus and other West Bank towns yesterday. The leading political figures among the Pointical figures among the Palestinians sought meetings with Mr. Ezel Weizman, the Israeli Defence Minister, to try to dissuade him from deporting tinian autonomy talks is due to the mayor.

Nablus, the largest town on the occupied West Bank, was like a ghost town for the second day as a business strike declared Sunday continued in force. In other parts of the occupied territories life continued as

usual on the surface. Mr. Shaka's lawyers are pre-

TENSION continued to run high paring their case for a hearing TENSION continued to run high on the occupied West Bank of the Jordan yesterday as the listacli Supreme Court turned listacli Supreme Court turned down an application for the release of Mr. Bassam Shaka release of Nablus. Mr. Shaka most outspoken Palestinian nationalist. The Israeli authorities on Sunday after expressing sympathy with Pales towns on the West Bank to towns on the West Bank to probably tomorrow—against the military government's depressing sympathy with Pales towns on the West Bank to himlan guerrilla actions against resign today if Mr. Shaka is not the actions against resign today if Mr. Shaka is not the actions against resign today if Mr. Shaka is not the actions against resign today if Mr. Shaka is not the actions against resign today if Mr.

Stope - throwing youters to his post attacked Israeli vehicles in Mr. Weizman is expected to meet the Mayor of Gaza, Mr. Rashad a-Shawa, today and may see other mayors to hear appeals against Mr. Shaka's

deportation.

The next round of the Palesstart in Tel Aviv, and Egyptian and U.S. representatives are to discuss with the Israelis the functions of the self-rule administration which is planned for the occupied territories.

Any hope that Palestinians might join these talks appears to have been dashed by the arrest of Mr. Shaka.

A radical at Iran's Foreign **Ministry**

By Our Foreign Staff IRAN'S new "supervisor" of foreign affairs, Mr. Ahol Hassan Bani-Sadr, his played an important role from behind the scenes in the nine months cines the success of the autisince the success of the anti-Shah revolution. His appointment to a job which will range much further than the traditional Foreign Ministry portfolio is not going to please the international of Western governments.

Western governments.

Born in 1935 in the western city of Hamadan, Mr. Bantsadr is the son of a preacher and landowner who was for many years close to Ayatollah Khomelni. He has inherited that healtier and man of the that position as one of the new breed of Iranian laymen deeply involved in the practical application of traditional

Shifte Moslem precepts.

Like many of his contemporaries he was educated abroad—in his case at the Sorbonne, where he studied for a dectorate in sociology men such as Mr. Sadegh Ghot-bradeh, the broadcasting chief in the Islamic Republic, he was an activist in the Moslem wing of the exile anti-Shah movement and has worked



Mr. Bani-Sadr: a key figure in

with the Ayatollah since 1966.
Through his position on the ruling Revolutionary Council he has been the key figure in the radical economic measures taken by the new authorities. He pushed for the wholesale nationalisation of the banking system against the views of the officials concerned, and for the take over of the indus-trial assets of Iran's major ntrepreneurs.

More ominously for the international oil companies, he has advocated a policy of not selling oil on contract terms to the oil majors. He favours conservation, the addition of as much value in Iran as possible, by using the crude oil for petrochemicals, and the sale of the remainder on the spot market for the maximum going rate.

Division at UN as Cambodia debate starts

UNITED NATIONS members New York by the ousted govern-from four continents supported ment of Pol Pot and the Heng a call yesterday for the "immediate withdrawal of all week-end any resolution adopted foreign forces from Kampuchea" at the start of a General would be considered null and Assembly debate on Cambodia. Vietnam led a counter-resolution which called on states

to refrain from any activity which "would constitute interference" in Cambodia's internal

resolutions call for humanitarian aid to

Two months ago members voted two to one to continue to recognise the delegation sent to

Is is possible, though, that the Vietnamese-led resolution may be approved. Only a Over Vietnamese objections. the five members of the Associa-

tion of South-East Asian Nations initialled UN consideration of the political aspects of the Cambodian problem, which were ignored by most speakers at a pledging conference a week ago.

Australian unions seek rise for 6.4m workers

AUSTRALIA'S centralised wage-fixing system limps into its next phase today when the Arbitration Commission begins hearings for a national wage rise to compensate for cost of living increases in the June and September quarters.

The future of indexation

itself will be under scrutiny to maintain total opposition to and some submissions are any pay rise on economic expected to focus on whether the system should be scrapped.

Wage indexation through an would like to see more wage. independently arbitrated national wage case has been operating in Australia for more than four years. But after the June hearings, the Arbitration Commission complained that the

system was not working.

It cited the rising level of industrial disputes, the use of work value" cases to gain rises for certain workers in addition to the national wage rise, the increase in "sweet-heart" deals between strong unions and employers and the

unions and employers and the resurgence in inflation which is expected to pass 10 per cent by the end of this year.

In the new hearings the Australian Council of Trade Australian Council of Trade Unions is claiming a rise of 5.1 per cent for 6.4m workers. It is also asking the commission to grant a rise to compensate for pressons decisions which did not pass on the full increase in the consumer price index.

to oppose the union claim and to recommend only a modest rise in view of recent "work value" rises and sweetheart deals and after the consumer price index has been adjusted to eliminate the impact of oil price rises. Private employers are expected

Although the Government would like to see more wage restraint, it conceded recently that it wanted indexation to continue because of the industrial peace likely to accrue



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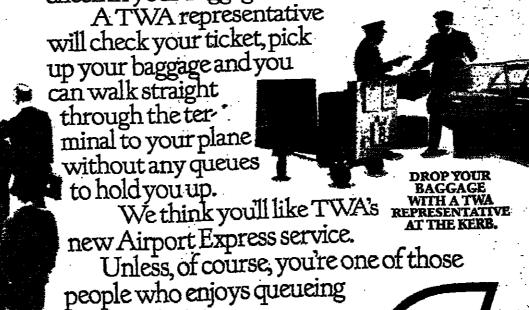
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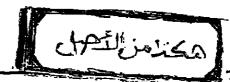
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FREDERICK LANGAN REPORTS FROM MISSISSAUGA

240,000 flee chlorine

people have been evacuated from the city of Mississauga in Ontario after a spectacular train derailment which left one propane tank car burning and another leaking poisonous

The chlorine was leaking from a small fracture in the tank car but several hours later all of the escaped gas had dissipated. There were no injuries in the initial explosion.

The city of Mississauga, west of Toronto, Canada's largest city, is deserted. All schools. factories and businesses were closed as 240,000 people were evacuated from a 65-square-mile

Police said at noon yesterday that people will be asked to stay away at least until tomor-row. They said the propane tank was still burning and there was some potential for an explo-

A spokesman for Canadian Pacific Railways said the de-railment which touched off the explosion and fire at midnight on Saturday, occurred after a wheel-bearing overheated and



Firemen fight to extinguish the flames pouring from burning rail wagons after the derailment at Mississauga.

ing to seal the leak in the tank the site of the fire. There were car, which is holding 90 tons no reports of damage to nearby

No deaths or injuries were reported in this city, 10 miles west of Toronto, but police, firemen and evacuees complained of nausea, headaches and watery Experts are waiting for the eyes from the fumes, which propane to burn off before try- spread more than six miles from

• Renter adds: Firemen said the fire had been contained, and was stable, reducing the risk of the flames spreading to a tanker of poisonous chlorine gas which had leaked fumes into the

Kahn renews Chrysler confusion

BY IAN HARGREAVES IN NEW YORK

Carter's chief adviser on infla-tion, was yesterday at the centre Senate Banking Committee. of a new bout of confusion over the Administration's plans for a see any real difference between rescue of Chrysler Corporation.

sion with remarks over the deals recently concluded by the weekend that the recently union with Ford and General negotiated pay contract between Motors. Chrysler and the United Autoworkers Union, much vaunted for its moderation, was "out- is a major difference, in that rageous" in its breaches of the the Chrysler deal will save the Administration's wage guide-

which Mr. Kahn is chairman, workers in the final year of the would formally notify Chrysler contract. that it was in "probable non-compliance" with the guidelines and that the White House may rethink its position on aid urless the wage award is cut. Mr. Kahr said.

ago, the Treasury published a Treasury loan guarantees. bill to provide Chrysler with

MR. ALFRED KAHN, President next week this Bill starts its. attack, Mr. Kahn said he could not the proposed Chrysler labour Mr. Kahn created the confu-contract and the three-year

Both the union and the company have maintained that there is a major difference, in that company over \$200m in its first two years of operation, although The Administration's Council Chrysler workers will catch up on Wage and Price Stability, of with other motor industry Chrysler workers will catch up

The Treasury appears to have accepted the company's assessment of the proposed contract, which is due for final ratification this week, and has said that the \$200m saving can be Mr. Kahn's remarks could counted towards the \$1.5bn the not have been made at a more company has been told it must effective moment. Only 10 days raise itself to match the

There are three possible of it re-opening contract explanations of Mr. Kahn's negotiations with Chrysler.

One theory suggests poor communication Kahn's council and the Treasury which the Administration will embarrassed haste.

A second is that Mr. Kahn, who disclosed a few days ago that he recently offered resign but was dissuaded by the President, is using the highly sensitive issue Chrysler to flex the muscle of the Wages and Prices Council, The third possible interpretation, and the one being suggested by Mr. Kahn, is that the Administration was simply unaware of the over-generous terms of the Chrysler settle-

committing public funds. This seems unlikely, With Washington on holiday yesterday, there was no sign of any move to clear up the confusion. But the union made it clear that there is no question

ment and that it is determined

to have it scaled down before

Final vote on windfall Bill today of air. A concentration

BY OUR WASHINGTON CORRESPONDENT

the most controversial element an Energy Mobilisation Board in President Jimmy Carter's tto accelerate non-nuclear energy programme. today energy projects), and on a reaches the Senate floor for a petrol rationing stand-by Bill. final vote by the full Upper House, after a spate of recent successes for the President on energy legislation.

Worries about oil supplies from Iran were a factor in speeding Congressional approval last week of a programme to use Government revenue to support the development of syn-

This followed similar action

THE OIL windfall profits tax, in the legislature on setting up today energy projects), and on a which the President has already prices.

signed into law. tion's determination to get the Senate to strengthen the \$142bn windfall profits Bill, passed by the Senate Finance Committee, so that the Senate version more nearly resembles that passed already by the House of Repre-

\$270bn from extra profit over the next 10 years, which the oil from decontrol of domestic oil

Administration has soaring oil company profits in the third quarter of this year have redoubled the Administration's determination's determination's determination's such as synthetic fuels. But its argument may have been undermined by the fact that Congress has only approved a relatively modest synthetic fuels programme of \$34bn, far short of Mr. Carter's original

\$88bn proposal.

Reagan to join **Presidential** race tonight

By Jurek Martin, U.S. Editor, in Washington

launch his candidancy in New duced by the ruling Parti Que-York tonight for the Republican becois to deal with strikes and Party's Presidential nomination. threatened strikes in the public He enters a crowded field as sector.

a clear favourite in every public opinion poll, but none-theless saddled with two basic handicaps—his age (he will be 69 next year) and a past losing record at the national level. Mr. Reagan will, as before.

driving his campaign train on the right side of the road Most polls give him a large be aimed at assuring essential lead — followed by Senator Howard Baker, the moderate from Tennessee, and Mr. John to close tomorrow because

Quebec Assembly debates public-sector strike Bill

Senate cautious on mobile missiles

BY ROBERT GIBBENS IN MONTREAL

QUEBEC National MR. RONALD REAGAN, the Assembly held an emergency former film actor and twice session yesterday to debate Governor of California, will special legislation being intro-

M. Rene Levesque, the pro-vince's Premier, requested the special session after the "Com-mon Front" of Public Service Unions turned down new offers which M. Jacques Parizeau, the Finance Minister, says would cost the taxpayer another

The legislation is believed to Connaily, the Right-wing Texan, teachers have turned down the who are running neck and neck. latest offer.

Hospital services will be reduced to a minimum from Thursday and many civil servants are already staging rotating strikes. Power workers are threatening to strike.

Bus drivers in Montreal nardefeated a Government mediator's report on Sunday and began a one-day shutdown of ail transit services yesterday. The maintenance men for both buses and underground trains had accepted a mediator's report a fortnight ago and went back to work after a 20-day snutdown of all transit services.

The chaos on the labour front, reminiscent of problems faced indications are that we will by the Liberal Government in miss our target by something like 100 per cent, unless something by-elections in Quebec thing is done," Mr. Clark said.

Derailment revives tanker safety fear

THE CANADIAN freight train ierailment and the ensuing rupture of a chlorine tank at the weekend bave brought to the surface old fears about the dangers of transporting chemicals

Industry sources said yester-day that the Canadian authorities appeared to be taking the maximum precentions-wisely enough-against the possibility of a huge chlorine gas cloud being released over Ontario. Yet chlorine, is probably one of the safer chemicals to trans-

Chlorine is made from the electrolysis of brine, and is used as an industrial solvent, in water purification and in the manufacture of PVC and dyestuffs. It is non-flammable and non-explosive. A small hole in a freight tanker would normally lead to the gas escaping only slowly and in small amounts. because chlorine is cooled and pressurised to make it liquid when it is being transported. A solit in a tanker wall re-leases some of the pressure, but as the chemical seeps out it vaporises on contact with the air and creates a layer of ice over the hole. A tiny hole can sometimes be completely sealed in this way.



But the derailed Canadian

train was carrying propane, toluene and caustic soda as well as chlorine. What the authorities there fear is that burning propane will split the chlorine tank from end to end and that the heat will drive all 70 tonnes of the gas into the air, Weather conditions will then dictate how quickly the cloud is dispersed. Chlorine is a heavy gas, and a cloud of it would tend to drift downwards. It can suffocate in very small concentrations. A human being would suffer acute irritation to the eyes, throat and lungs after only of 50 parts of chlorine per million of air would bring a This would bring in about very real danger of suffocation and 100ppm would probably be

Clark plans new oil industry tax

OTTAWA-Mr. Joe Clark, Canada's Prime Minister, will impose a tax on oil industry revenues resulting from in-creased domestic oil prices, he

The Government is also considering increased excise taxes on selected oil products to reduce demand, he told a national energy conference.
The extra tax revenues will be used by the Government to fund an energy bank for new energy projects and to pay for increased conservation and a programme to offset the immediate economic impact of higher oil prices.

Forecasts by the National Energy Board show Capada's reliance on imported oil will grow from 370,000 barrels a day this year, to 800,000 b/d by 1990. Demand for some oil products, however, has risen by more than 4 per cent this year, three times the rate assumed by the Energy Board in its forecast. Canada pledged at the Tokyo

economic summit to cut demand for oil imports by some 100,000 h/d from the levels forecast for 1979 and 1980.

Tokyo urged to take stake in Saudi chemical project

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

is considering taking a direct stake in a \$270m Saudi Arabian to the Ministry of International Trade and Industry, Methanol's main uses are as a solvent. in the manufacture of formaldehyde, anti-freeze and other chemicals.

The Japanese promoter of the project, Mitsubishi Gas Chemical Company, is one of the largest of Japan's domestic methacol producers. Mitsubishi, along with three other methanol manufacturers and the trading company C. Itoh and Co. are to be shareholders in the joint venture company that will operate the plant.

The five companies have proposed that the Overseas Economic Co-operation Fund (OECF)
(a government soft loan agency) should join the project by acquiring a 40 per cent capital stake in the joint venture company. If the government accedes to the request the OECF would probably be required to put up about Yen 3.6bn (£7.35m). In

refecture. The question of Japanese

THE JAPANESE Government return for Government involve November 24 by Saudi officials is considering taking a direct ment it is hoped that Saudi and by the Japanese promoters stake in a \$270m Saudi Arabian arabia step up supplies of direct. Sixty per cent of the cost of deal oil to Japan. the \$270m project will be not from natural gas, according to the Ministry of International Industrial arabia. The Saidi project, at the Al financed by Saudi Arabian Jubail industrial estate, will Government loans, with 10 per produce 600,000 tons per year of cent coming from Japanese methanol from 1983 onwards, of cent coming from Japanese methanol from 1983 onwards, of commercial banks and the which 100,000 tons will be conneminder (about \$80m) consumed domestically. The sisting of the capital of the joint Japanese promoters will acquire venture company. Mitsubishing the remaining 580,000 tons will be private sector shareholders are imported into Japan and the at the moment committed to remainder exported (chiefly to putting up a total of Yi.Sbn other parts of the Far East). (about \$30m) worth of capital Japan's domestic methanol profor the joint company. This duction may be reduced to allow sum-will have to be increased room in the domestic market for hefore the plant comes on

duction may be reduced to allow sum will have to be increased room in the domestic market for hefore the plant comes on the Sandi imports which could be cheaper than current of the Government decides to domestic production. Methabist become involved then the Sandi in Japan is made partly from methanol plant will be the buttine gas and partly from second Japanese backed cheminatural gas produced in Nigata cal project in the Middle East to prefecture.

The constitution of Japanese Sanda project.

prefecture.

The question of Japanese The first was the much larger official participation in the Al Bandar Khomeini petrochemical Jubail project has become complex in Iran. The OECF urgent in that construction work will acquire a Y20bn capital is due to start early next year, stake in the Bandar Khomeini with completion scheduled for project as part of a re-financing 1982. A formal agreement on plan made necessary by the project will be signed on political upheavalls in Iran. the project will be signed on political upheavals in Iran.

SENIOR MINISTER VISITS LONDON

UK seeks more Greek contracts

BY N. J. MICHAELSON IN ATHENS AND DAVID TONGE IN LONDON

A MAJOR attempt to increase wide powers of his own ministry. the share of Greek public sector. He is due to meet Lord projects won by British companies is to be made this week Secretary, Sir Geoffrey Howe, during the visit to London of the Chancellor of the Mr. Constantine Mitsotakis, the Exchequer, Sir Kenh Juseph Greek Minister of Co-ordination. Having shown more qualms than the French about accepting contracts from the colonels during the 1967-74 dictatorship, Britain now finds it is still lagg-ing behind in post-junta con-tracts. But it is hoping to self two 350 megawatt coal-fired electricity generating units to the Greek Public Power Corporation, There is also considerable British interest in arms sales and, in the longer term, in projects such as railway electrification.

Mr. Mitsotakis, who arrived yesterday, is the guest of Mr. John Nott, the Trade Secretary. However, the appointments arranged for him reflect the

Peter Walker, the Minister of Agriculture and Sir Gordon Richardson, the governor of life Bank of England. He is also due to meet a wide range of defence officials and companies, Mr. Mitsotakes has said that his discussions will not cover a

project by Greece to buy British. tanks and set up a local tank factory. This project has been postponed because of the need for austenity and the continu ing emphasis given to the Greek Navy and Air Force. In general arms purchases have been far more delayed than the Buttah

In the energy field Greece is

interested in exploring the pessibility of buying British North Sea oil Reportedly Greek officials have some doubts over whether Libys intends to abid by a context signed in Pebruary under which it would stoply Greece with 15.75m formers of crude over the next five years. This emount would have been equivalent to about ope-third of Greece's crude reminements and the price wa apparently intended to be below normal OPEC rates.

Greece's first inclear power plant, scheduled to come on stream in 1987, is still at the planning stage and will not be discussed. However, one major project which will be raised by the Minister is a new altumina plant. Greece is keen to establish a plant making use if the country's Muse bautite

BSC in Far East joint venture

OPPORTUNITIES major new contracts for steel fields. construction and civil engineering works in South East Asia have prompted Redpath Dorman Long International, a subsidiary of the British Steel Corporation, and the Jardine Engineering Corporation to join forces to tender for work in

A new company formed by the two groups will be called the RDL Jardine Joint Venture.

BSC's peripheral assets as one means of offsetting the corporait will undertake design, fabrication, and construction of steel-based projects. It will also handle the technical and engineering management of contracts drawing upon the means of offsetting the corporation's continuing losses which are likely to reach between family and £350m and £350m in the current family and £350m and £35

The partnership has been forged at a time when there is growing speculation that British Steel may offer for sale the engineering, constructional and bridge-building interests combined in RDL and the chemical activities in BSC (Chemicals). The Government has discussed the possibility of sales of

contracts drawing upon the tunnel in Hong Kong and has an Hong Kong.

steel-work construction spanning more than half-a-century RDL Internation is currently workvicing facility at Kal Tak Airport for the Hong Kong Air-

craft Engineering Company. The new company will under take work in Hong Kong, Singapore, Malaysla, the Philippines, and Indonesia, together with the offshore islands. A new board of management has been agreed for RDL Jardine Joint Venture consisting of two directors from each parent company. It will be managed by Mr. E. E. F. Taylor of RDL who will be resident in

Pakistan deficit widens

according to figures recently real exceptionally large rises released here. This is an Wheat imports climbed 162 per increase of just over 30 per cent following a poor harvest, cent on the previous year's while purchases of fertiliser export earnings and is some soured 168 per cent and of \$50m up on the target set for ecible oil 71 per cent. the year.

But while business and com-mercial circles have been encouraged by this performance, t has been more than offset by the imports bill. Imports for the year rose by 31 per cent to \$3.7bn, pushing the trade deficit up from \$1.5bn to almost \$2bn.

The deficit is largely respon-sible for Pakistan's persistent balance of payments problems, particularly as remittances from Pakistani workers abroad have formance is to be improved.

PAKISTAN'S exports reached tended to level off in the past a record \$1.7bn (£813m) in the year. financial year ended June 1979. Details of import figures re-

On the export front tradi-tional products like rice, cotton yarn and cloth and leather accounted for most of the earngoods and surgical items showed an improvement. Officials were confident that

this year's export target of \$1.9bn will be reached. But there is less comment on the import problem, which Western Panjward said the Trade Com-economists say demands action missioner, of Singapore has if the country's economic per-

Shipping line accord mooted 1SLAMABAD - A joint ship-

ping line is being considered by Pakistan and the Association of South East Asian Nations (ASEAN), and 4 bank venture by Pakistan, Indonesis and the Philipphoest according to Mr. Ghulam Ali Panjwani, chairman of the Pakistan-Indonesia trade committee of the Federation Chairman tion of Pakistan Chamber of Commerce and Industry.

Mr. Panjwani said other proposed ventures included the processing of logs from Indonesia and the Philippines in Pakinstani saw mills and re-

exporting them to the Middle East. At present, Indonesian logs are sawn in Singapore. Mr. supported the proposed venture,

Firm stand on U.S. textiles sought

THE EEC Commission must stop policy of keeping oil cheap for is talk and more talk between "pussy-footing" on the question of cheap U.S. fibre and textile the present energy crisis; the exports if it is to save the U.S. industry has been arguing. speaks vaguely of voluntary that the present energy crisis; the exports if it is to save the U.S. industry from being strangled. Mr. Leonard Regan, president of the British Textile Confedera-

In the strongest response yet man of Carrington Vivella, said the UK Government must force the EEC Council of Ministers at its meeting next week to honour commitments to prevent disruption in the Community textile

UK fibre and textile producers presented evidence to the EEC in April that, because of artificially low prices for energy and fibre feedstock, U.S. pro-

the undervalued dollar, it has enabled the U.S. to grab a rapidly growing share of the

tions were completed earlier curbed. this year, the EEC Council of The m this year, the EEC Council of The proposals were requested Ministers had agreed to take by Portion Ministers when they artificial pricing led to the threat of disruption in the

the Commission and the U.S. "This artificial price advant- restraint action. If the Commission serimaly believes that the Americans will take effective voluntary action, they are living in cloud cuckoo land," Mr.

Mr. Regan said.

Mr. Regan pointed out that exports of synthetic fibres to when the Tokyo Round negotia. the EEC market could be

last met in Luxembourg a fortnight ago, and their pre-parations were accompanied by

ECGD in £117m loan to Romania

By Our Foreign Staff

THE EXPORT Credits Guarana £117m loan to the Romanian Bank for Foreign Trade, the ECGD announced yesterday.
The loan was made by Lloyds Bank acting on its own behalf and for the Anglo-Romanian

It will help finance contracts awarded to British Aerospace by Central National Aeronautic Buchresti, the Romanian state enterprise for foreign trade, and Central National al Industriei Aeronautice Romane for the granting of a licence agree ment and the supply of exper-tise and components for the assembly of British Aerospace BAC 1-11 aircraft. Under the co-operative venture, three of the aircraft will be delivered to Romania and a further 22 will

be built in that country
Meanwhile, the Overseas
Development Administration has announced that Britain will give a new £15m grant to India to finance British goods and services needed to maintain the productive capacity of the Indian economy. The grant will largely be spent on the purchase of high grade steef plate from the British Steel

The ODA also will provide f4m in new grant aid to Uganda, which will be largely tied to the purchase of goods and services from the U.K. Britzin's present aid to the country totals about £2m.

Banks back Parana-dam

POSADAS — Argentina and Paraguay, have signed international loan contracts for \$20m (£205m) to pay for the Yacyreta, hydroelectric dam on their Parana River border. The matching loans, provided

by the World Bank and the Inter-American Development Bank, will enable a binational company to start building the \$5.5m dam, which is scheduled to start generating in 1985 and which will produce 2,700 megawatts of electricity when completed in 1990. AP-DJ

Sicily credit to China Banco di Sicila has become the first Italian bank to grant its own export gredit to China, APDJ reports from Palermo. The Bank signed a pact extend-\$75m (£35.8m) to the Bank of China. The credit will be of five. even or 10 years, depending China's wishes.

Canada aids Abidian win experience of RDL in those association with the colony in The Export Development Corporation and a bank consortium led by the Royal Bank of Canada has concluded a U.S.\$28m loan

ing on a HK\$20m aircraft ser-agreement to support the build-vicing facility at Kal Tak ing of a clinic in Abidjan, Ivory Coast, Reuter reports from Ottawa. The consortium includes the Bank of Montreal, National Bank of Canada, Cana-dian Imperial Bank of Commerce and Toronto-Dominion Swiss win Iraq order

Sy Deco, the Zurich based civil engineering company, has received an order worth SwFr 20m (£6m) for work on four agricultural training col-leges in Iraq and delivery of pre-fabricated building elements and special equipment, John Wicks writes from Zurich. The contract is covered by the Swiss Export Risk Guarantee and by Swiss-Franc letters of credit.

EEC grant to Liberia The European Community Commission will grant Liberia 7.6m units of account (fom) in compensation for the sudden drop in the country's receipts from exports of iron-ore pellets last year, AP-DJ reports from Brus-

Saudi job

The export division of H. H. Robertson (UK) has won orders worth £1.6m for the provision of building cladding systems to three major construction projects in Saudi Arabia, the company announced. All the materials are being manufactured at the Robertson factory in Ellesmere Port, Cheshire, UK.

Chinese buy Burroughs Burroughs Corporation has received a A\$2.2m (£im) order from the National Instrument Import and Export Corporation of China for data-processing equipment to be used by the Ministry of Foreign Trade. Burroughs has announced. The order calls for the purchase of two B-3950 medium-scale computers, one B-876 system, 35 MT 600 modular data entry systems, and three B-92 small-scale

computers. The equipment is scheduled for installation at four sites in Peking in Novem-France-Mexico deal AN order worth some FFr 90m

AN order worth some FFr 90m (£10.2m) has been placed with Construction Mecanique, a French subsidiary of the Swiss Silzer Brothers, for 35 pump aggregates for the Cutzomals Silzer Bromers, for 35 pump aggregates for the Cutzamala industrial project in Mexico. The contract was won against was against the contract was won against

module massive system in the 1980s on a series of "race-tracks" in desert areas in the western U.S. has run into western and opposition in the considered its decision on the the 23 shelters the MX was actually in at any one time. No one here has discussed the western opposition in the ing Senators that, despite the

BY DAVID BUCHAN IN WASHINGTON

arms treaty. Approving a weapons Bill for the current Budget year which the House of Representatives has already passed, the Senate voted \$670m for preliminary funds to develop the mobile

PRESIDENT CARTER'S costly

But it unanimously attached an amendment stressing that separate circular roadway for there was no Congressional com-mitment to the "racetrack" to be transported on a huge deployment system.

unexpected opposition in the SALT-II treaty, President Carter Senate, now gearing itself up SALT-II treaty, President Carter for a final vote on the SALT-II intended to keep up the U.S.'s CINOII. Senator Robert Byrd, the

> tied his approval for SALT to an explicit written promise from Mr. Carter on the MX deployment " racetrack " system involve building a

> Democratic leader, had recently

plan to deploy the new MX day comes-as a surprise to the fuse Russian target planners mobile missile system in the Administration, which had who would not know which of need for a mobile missile system to replace the fixed-site Minute-

man force, increasingly vulnerable to the accuracy of Russian missiles. But doubts have grown in recent months about the cost of the "racktrack" system "-estimated to bring the total price of the MX up to \$37bn at least and the environmental impact of so much military construction in the desert areas of Utah,

Nevada and Arizona. to be transported on a huge One Presidential contender, truck between 23 different Governor Jerry Brown of Cali-

The Senate's action last Fri shelters. The object is to con- forma, has already come out against the proposed MX tions, urged last night system, calling it "mass transit. In the strongest responses for missiles" when the pressing to the continued increase in U.S. need for the U.S. was to develop penetration of the UK market. better public transport for Mr. Regan, who is also chair-Senate demands for more defence spending as a condition for approval of SALT, however,

the Administration is expected tion in to unveil the highlights of its market. 1280-Si defence Budget later UK fit his month or early December, before the Senate finally votes on SALT. The treaty passed the Senate Foreign Relations Committee last Friday, by a majority of nine to six votes, but no one is

confidently predicting the out-

so wider than just the MX, and

age increases with each rise in world oil prices. Added to

ment yarn market compared Brussels: The European Com-with 71 per cent a year ago," mission is drawing up details. UK market—for example 28 per

action under GATT rules if this

cially low prices for energy threat of disruption in the and fibre feedstock. U.S. producers were gaining a price advantage of between 10 and 20 per cent on man made fibres and yarn. As well as amounting to unfair competition, the U.S. industry. All that has happened to the disruption in the parations were accompanied by continuing talks between the continuing talks between the Brussel's Commission and the U.S. Gommission and the U.S. Gommission and the U.S. Gommission and the disruption in the continuing talks between the industrial project in Mexico U.S. Gommission and the U.S. Gommission and the disruption of the Cutzamala John Wicks writes from Zurich, tive entities on petro-chemical value of the contract was won against feedstood prices of U.S. contract was won against from West Gertagain and the continuing talks between the industrial project in Mexico U.S. Gommission and the disruption of the cutzamala John Wicks writes from Zurich, competition from West Gertagain and the continuing talks between the industrial project in Mexico U.S. Gommission and the disruption of the cutzamala John Wicks writes from Zurich, competition from West Gertagain and U.S. Gommission and the disruption of the Cutzamala John Wicks writes from Zurich, and the continuing to the continuing talks between the industrial project in Mexico U.S. Gommission and the disruption of the Cutzamala John Wicks writes from Zurich, and the continuing to the continuing talks between the continuing to the continuing talks between the continuing to the continuing talks between the continuing talk



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Britain pushes 'scrap and build' ship plan

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

"scrap and build" ship subsidy scheme is to be pushed by the British Government in Brussels later this month.

The EEC's Council of Ministers is to meet to consider whether to go ahead with a plan for a scrap and build arrangement that could cost up to £90m a year. They will have to decide whether it should be organised centrally for the Community or, as the UK prefers, in individual

The aim is to improve European shipping fleets and to help save about 35,000 jobs in shipyards, maintaining capacity for the expected upturn in the shipping and shipbuilding market in two or three years.

EEC shipowners would be

A PLAN for individual EEC scrapped. A shortage of scrap- be presented with proposals for countries to be allowed to intro- yards in Europe would, how- the EEC as a whole, which enduce their own national funds ever, mean that the Far East would gain orders for dismantling many of the con-

This could lead to enforcement problems in making sure that ships that should have scrapped were not put back into service.

For this and other reasons, the proposals have met with opposition. Some EEC countries do not believe that the subsidies would be cost effective. It is generally recognised in the UK

the scheme would be worth from other countries for while if it was introduced scrapping in order to qualify quickly, before the expected for the EEC building grant, upturn begins, and if it was creating on a national basis. A about 8 per cent of the contract country would only subsidise building work carried out in its

the EEC as a whole, which envisage spending about £90m a year for perhaps two years, of which £50m would be for building work and £40m for scrapping.

Some experts believe that these figures are unrealistically high, because they envisage the EEC gaining orders for 1m compensated gross registered fons of building work a year. . One problem is that the ship-

ping fleets of the UK and some other EEC countries, are relatively modern and do not and elsewhere that the scheme require replacing. To cover this, would have a marginal impact. en EEC shipowner will prob-The UK Government believes ably be allowed to buy old ships from other countries for scrapping in order to qualify for the EEC building grant.

value for building work. For scrapping, they would cover the building one ship in EEC yards own yards.

difference between the scrap for every two that they The Council of Ministers will and second-hand values.



Wedd Durlacher, one of the main jobbers in British Petroleum Shares, rigged its dealers in BP boller suits yesterday morning so that they could be picked out easily when dealings for the new partly paid shares opened. How-ever, the crowd of brokers had come to watch rather than to deal, though the shares started at 156p compared with a

cast of 150n.

By early afternoon, when the price had settled at 154p. the Stock Exchange assessed the level of dealings—described by market operators as "disappointing for us, good for the Bank"—and cancelled its plans to allow oil pitches to remain

Alterations in tax structure will take time, says Howe

BY MICHAEL LAFFERTY

point where tax could be col- in the spring." lected with the broad consent. The capital tax system of most people. But the process needed to be less oppressive. would take time, he warned.

the next few years to make those who built up and owned further cuts in the basic rate capital. In addition, the system of income tax, "But I am needed to be simplified." bound to remind you, as I contemplate that objective, that fewer rules and fewer people the revenue cost of each penny caught in the net." off the basic rate is approximately £500m," he said.

to bring further relief to those ses. at the bottom of the income tax as we have done, and tackling scale by raising the thresholds, the capital taxes, we shall, I am to collect income tax at such a whole raft of specialised tax low income levels as we do at concessions. Having said that, present. It is hard, unjust, and however. I do not rule out the discouraging." Sir Geoffrey told possibility that we might, as delegates at a tax reform con-well as helping with general ference in London, organised by tax concessions, identify further

The Chancellor described the priate." present levies on capital as a On corporation tax, the Chan-haphazard accumulation of cellor said he shared the hope,

SIR GEOFFREY HOWE, Chan-deal of thought to what should that the proposed inflation cellor of the Exchequer, said be done and have been consult-accounting system should be yesterday that he hoped to ing widely. I hope to put for- implemented. The Government reduce levels of taxation to the ward proposals in my Budget

This meant a reduction in the The Government intended in overall amount of tax paid by "That means easier and

It was a short step from the reform of capital taxation to the The Government also wanted encouragement of new busines-By cutting income tax, "It is hard to believe that sure, have done more for small we should continue indefinitely businesses than we would with

Westminster and City Pro- specific points where fiscal adjustments might be appro-

"We have been giving a good of England expressed last week, as income

pany tax provisions against the criterion that the tax system should take account of the effects of price changes. There would be full consultation before changes were introduced.

Sir Geoffrey also spoke about tax administration enforcement procedures. It was all too easy to jump to the wrong conclusion in looking at the balance of power between the public and the revenue departments. Nevertheless, it was right that the balance should be periodically reviewed.

Mr. Denzil Davies, Opposition front bench spokesman on economic affairs, told delegates that the Labour Party was committed to the introduction of a

On capital gains tax, he believed that the best solution for dealing with inflation would be to taper the tax rates according to the length of time assets were held. But this measure On corporation tax, the Chan-would have to be part of a ellor said he shared the hope, package in which short-term

BL-Aston Martin study on MG

BL AND ASTON MARTIN about considering any commer-Lagonda are to set up a joint cially viable proposition, working party to investigate the although the use of Abingdon

party will be used by Mr. Alan certain confidential information Curtis, Aston Martin's joint to allow Aston Martin Lagonda chairman, and a consortium of businessmen, to decide whether wishes to make a proposal con-they will make BL an offer for cerning MG," said the comthe plant.

The consortium wants to take over the plant, which employees 1,500, and to buy the MG name. BL appears to be interested only in a licensing deal for the consortium to continue manufacture of the MGB sports car after the scheduled ending of production late in 1980.

A joint statement said that

no offer had been made, but BL BL-Honda car, but with a sub of Ireland.
had said it was open-minded stantially reduced workforce. This is the largest single con-

future of the BL-owned MG and the retention of the MG plant at Abingdon, it was marque were built into the com-decided at a meeting in London pany's forward plan.

The findings of the working was that BL agreed to supply to decide whether or not it panies.

BL said later that the wroking party would explore such subjects as the manufacturing, purchasing and financial policy for further discussions.

Abinedon, which has been the home of MG for 50 years, is duction in 1981 of the joint

Evidence Ladbroke pay-off sought on claim denied price-cut

might make a £250,000 pay-off to his life is not a factual or logical his predecessor, Mr. Gordon thing to say." It was the sixth day of Lad-

broke's appeal against the decision of South Westminster magistrates that two group subsidiaries are not " fit and proper persons to be holders of gaming licences." Mr. Withers disputed the earlier testimony of Mrs. Janet Ballard, former personal assistant to Mr. Cyril Stein, chairman of Ladbroke.

Mr. Richard du Cann. QC, for the licensing magistrates, put Mrs. Ballard's evidence to Mr. Withers:
"Mrs. Ballard says there was

colour televisions and audio equipment because Teseo might sell them at a lower a convergation with you the day after the police investigations price than other retailers.
Though Argos has made no began and the balloon had gone official complaint to the OFT up. She was discussing with you how serious the matter was. She about manufacturers refusing to supply goods, it has made no secret that it considers it was saying it would cost Ladrokes, and how you said Irvine would not be able to work been refused supply by a number of manufacturers for the rest of his life, and it about would cost in the region of The one quarter of a million row. In particular Argos has claimed that it was unable to obtain Seiko digital watches from official trade sources.

MR ROGER WITHERS, former pounds."

1. Adbroke's Mr. Withers replied: " MR. ROGER WITHERS, to the sales director of Ladbroke's Mr. Withers replied: "I sales director of Ladbroke's member no such conversation casino division, denied in remember no such conversation. Knightshridge Crown Court It is obviously factually yesterday that he had told incorrect because to say he another employee that Ladbroke could not work for the rest of his life is not a factual or least of

thing to say."
Under cross-examination by
Mr. Michael Kempster, for the
police, Mr. Withers added that
£im "was not a figure I mentioned to Mrs. Ballard as my own speculation and if I were to speculate I would not specuto speculate 1 weard out specu-late a figure as high as that" In answer to Mr. Brian Leavy, QC for the Playboy Club, Mr. Withers said that he made no inquiry following an article in the magazine Private Eye on May 12, 1978. In this article Private Eye alleged that Ladbroke had hired a private detective to log car registration numbers, traced the owners through the police computer, and had given the owners presents and complimentary meals at Ladbroke casino clubs Mr. Withers agreed that the allegations were "gravely serious" but he did "nothing"

about it. The hearing continues tomo

Health group seeks court ban on hospital closure

judge to stop Governmentjudge to stop Government-appointed health commissioners pending members of the lam-beth, Southwark and Lewisham from going ahead with the temfrom going anead with the temporary closure of St. Olaves area health authority for refus-porary closure of St. Olaves area health authority for refus-ing to make public spending Hospital in Greenwich, London.

facturers are prohibited from trying to enforce resale Mr. James Goudie, counsel for the Guys district CHC, claimed the commissioners' economy plan at the 223-bed hospital was hurriedly thrown together."

A COMMUNITY health council Mr. Patrick Jenkin, Social yesterday asked a High Court Services Secretary, appointed the commissioners after suscuts of £5m.

Mr. Anthony Evans, QC, for the commissioners, asked Mr. Justice Wolff to declare that the closure decision was valid.

The hearing continues today.

William Press in £30m contract

BY JAMES McDONALD

curbs

By David Churchill

price-cutting policy.

THE OFFICE of Fair Trad-

ing has written to the Argos discount stores group inviting

it to give evidence of manufacturers refusing to supply

goods because of Argos

The move follows Tesco's

decision to complain to the Office of Fair Trading, alleg-ing that the Thorn group

refuses to supply Ferguson

It has obtained supplies

from a source believed to be overseas and sells the watch at just under £100, some £40 below the recommended.

Argos has faced supply problems from other mann-facturers, such as those pro-

viding sports goods, who are

reluctant to supply the com-pany because its lower prices would undercut specialist

Under the Resale Prices

Acts of 1964 and 1976, manu-

prices on retailers by efus-

retailers.

WILLIAM PRESS AND SON, tract let so far on what is one H. A. O'Neil have agged a in a joint venture with H. A. of the biggest construction projoint venture agreement to O'Neil, of Dublin, has received jects in Europe and the largest handle the contract a letter of intent for a contract undertaken in Ireland in the worth nearly £30m from private sector.

Alumina Contractors. It is for Alberta being built for the installation of mechanical Aughinish Alumina Limited, services in a £330m alumina

which represents the three par-ticipating companies financing acre Aughinish Island site. This extraction plant being con-ticipating companies financing structed on Aughinish Island the project: Alcan Ireland; near Limerick in the Republic Billiton Aluminium Ireland; and the Anaconda Ireland

The joint venture covers the provision of all equipment, management and labour involved with the installation of will include almost 100 miles of piping, 14,500 tons of structural steel and 25,000 square metres

> dimi thatth

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them

make

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diag o

The Swiss have long had a keen sense of how close together you can sit without feeling crowded.

We Swiss live at close quarters because our country is small and thickly settled. This has made us sensitive to close quarters. We have developed a keen sense of how many people can sit on one park bench, one observation bench, one bench by the tile stove without feeling cramped or getting on each other's nerves.

Possibly our decision to put the seats in our DC-10-30s and B-747s a bit further apart than other airlines do was motivated by this feeling rather than by marketing and sales policies. After all, we want our passengers to feel at

ease with us. And that calls for more than just giving them extra attention on the ground before takeoff; more than providing a warm welcome at the over 90 destinations we fly them to world-wide; more than providing friendly care; more than serving particularly good meals

in proper style; more than offering a variety of music and film programs; more than letting them reserve their seats when buying their tickets at regular economy rates on long flights (and in first class on most short jumps as well).

In our perhaps excessively Swiss opinion. it also calls for adequate space and adequate elbow room. It calls for a chance to spread vourself around a bit, as we say.

That's why the economy class on our DC-10-30s has eight and not nine seats abreast; on our B-747s nine and not ten seats.

That's why we give you enough room for comfortable figure.





fuel in another direction. With some diffidence, we would like to draw

your attention to one of the less sensational, but more significant, events of the motoring year.

The slightly improved Audi 100.

seeksa

al close

[720]

Eagle-eyed Audidrivers may have noticed that the bumpers now wrap right round to the wheel arches: that the twin foglamps are now built neatly into the front bumper; and that the headlamps and indicators have been visually combined.

Inside, the instruments have been restyled to make them easier to read. The armrests have been raised to make them a little more accommodating to the elbows.

There is also a new range of seat fabrics and colours to choose from.

Now all these changes, we agree, do not add up to anything vitally important. What is important though, is what we have not changed.

NO NEWS IS GOOD NEWS.

All false modesty aside, we got the Audi 100 99% right three years ago.

It was then that we parted company with all other car makers by introducing the world's first five cylinder petrol engine.

Smooth as a six, yet economical as a four, it delivered high performance with low petrol consumption.

We installed this unique power unit in a body that had been developed in a wind tunnel to produce a lowdrag shape.

This, in turn, meant that the engine had towork less hard to push that shape through the air. Thereby saving

And by employing toughnewplasticswhere most others were still using metal, we reduced the

weight our new engine had to push around.

We lightened the car even further by making it safer. The Timoshenko girders around which the Audi 100 was built were lighter than ordinary girders because they were designed to absorb impacts rather than fend them off.

Their contribution towards fuele conomy was, however, a welcome bonus. Especially as petrol had just reached the ruinous price of 80 pence per gallon.

The 10,000 mile main service intervals went down well too because the service and maintenance costs had also reached outrageous heights.

And if you add space and luxury to all these sensible qualities, you can see why the Audi 100 was right for the tough conditions of 1976. And why it is even more right for the tougher conditions of 1980.

HANDSOME IS AS HANDSOME DOES.

We are modestly pleased with the little flourish we have given the Audi 100 for this year. It's a little handsomer to look at and a little nicer to drive.

But there is something about the car you see here that we are inordinately proud of.

Four years after we launched it, we couldn't make it any better.

Yet the tougher things get, the better it seems to look.

The Audi 100 five cylinder.
The car for now.

Authority said yesterday that

It is suggesting that the econd independent channel, due to start in the autumn of 1982, should be run by a new

The chanel is likely to cost more than £20m to set up and between £60m and £80m a year to run. The burden on the ITV One contractors of providing these funds during the start-up

eriod will be heavy. The authority clearly believes that it is starting the fourth hannel in a difficult economic climate. It says that conditions may be "less favourable than

FINANCIAL TIMES REPORTER

GOVERNMENT proposals for

relaxing licensing of bus opera-

ors were criticised yesterday by

Mr. Robert Brook, chief execu-

five of the state-owned National

Mr. Brook, addressing the

Chartered Institute of Transport

in London said that without

present form public transport

service licensing in its

Bus reforms criticised

THE Independent Broadcasting in the last few years." withou it might have to raise about that there will in time be suffi-\$40m over the next two years cient revenue to support two to launch a new fourth televis- services of high quality," it said our guard against over-con-

> The IBA says: "Money is bound to be tight." It argues that the programmes cannot all have the budgets sought for them; and profits reveived by the ITV companies, "of which some five-sixths pass to the Government in levy and tax." will be diminished for the first year or two at least.

fident plannin."

Legislation to set up the new service will probably be intro-duced early next year, but it is unlikely that the IBA would have published its own ideas

The British bus system was

the best in the world and was

maintained at a higher level than local authorities and cen-

tral Government had any right

policies they had pursued.

to expect, bearing in mind the

Transport Minister, will an-

nounce plans to remove many

Under the IBA proposals ITV contractors will have to pay annual subscriptions towards yesterday. "But we must be on the fourth chanel in relation to their present rental charges. If this were done immediately the heaviest burden would fall on the London wekday contractor,

> However, contract holders will be free to sell TV Four advertising time and keep the revenue they raise as a result. They will also be able to sell programme material to the new

> The IBA argues that the fourth channel will have its own distinctive character. It will be complementary to ITV One. Both the IBA and the Govern-

Marks opening

MARKS AND SPENCER WILL

Republic of Ireland. The new

store, costing some £10m, will open in Mary Street, Dublin,

on the site of what was formerly Winston's department

Initially it will have 30,000

sq ft of selling space on two

floors, but by the middle of

next year the store will pro-

of the restrictions on prospective vide some 45,000 sq ft of

bus operators in the Transport selling space, plus stockroom

in Dublin

channel being called ITV Two. but so far neither of them has alternative

Lady Plowden, chairman of the IBA, said yesterday that the fourth channel board would be responsible for acquiring programmes and scheduling them, appointing and employing the small staff, and for operating within the authority's budgetary

"The authority would approv schedules of the fourth channel, even as it does for the present And it would ensure that there was proper co-ordination between the two channels."

The fourth channel board will be people "knowledgeable on

THE POST OFFICE is to

further expand its data trans-

computer-stored information to

Datel 4800, will allow the trans-mission of data at a speed of

4,800 bits

per second.

High-speed data service

mission service by offering into analogue form for transequipment which will allow mission, then back again —

without consulting the Home ment are keen to avoid the new the many aspects which together It might consist of some 12-14 people, four drawn from the ITV companies. The others would come from the different

interests that contribute to the

with this operation. The company will not make programmes itself, but will commission and acquire them from others. This means that it will have only the smallest studio

linking announcements. 'The channel will, among other things, provide opportunities for a wider range of programme supply, since, for the first time, it will be looking to independent producers for significant part of its output, says the IBA.

converts digital data signals

designed for the Post Office by

"I think that the ballot may eventually be regarded by historians as one of the most important events in British trade union history since that affair at Tolpuddle some 150

He said BL employees had Datel 4800 incorporates test facilities which allow users to make their own checks on circuits or modems before calking up Post Office engineers. The connection charge for the service is £200, with annual

Car chief calls for unity

Financial Times Reporter

THE FUTURE of the UK motor industry is in the hands of shopfloor employees and managers together, Sir Barrie Heath, president of the Society of Motor Manufacturers Traders, said yesterday.

At the annual dinner of the Scottish Motor Trade Associa tion, he said if workers did not produce the vehicles motorists wanted there would be an even greater influx of imports to satisfy the needs of a critical buying public.

"But there are good signs in our industry, and I think that, largely as a result of the recent BL ballot, we have reached a watershed in employee atti-tudes and relations," he said.

Most important

recognised the logic of the management plan. "Their decision confirms my confidence in the ultimate good sense of the British worker, when he is given all the facts and allowed to exercise his own judgment,"

Express drops computer plan for newspapers

THE EXPRESS Newspapers group, publisher of the Daily and Sunday Express, the Daily Star and the Evening Standard, has dropped plans for computer typesetting or photocomposition

managing director of Express Newspapers, said yesterday that events at Times Newspapers over the past year, and the Daily Mirror's problems intro-ducing a partly-computerised system, had discouraged the group.

"There are no plans for introducing the new technology in the group for the moment. Express group had planned to follow a roughly similar road to the Mirror

believing that group's, also the National Graphical Association, the compositors' union, should retain control over composing. The Observer, however, the only other Fleet Street paper

with plans announced to introduce new printing and compoing technology, has installed Ferranti and Monotype systems and is training its printers on

Mr. Stevens believes that The Times settlement will make union demands, particularly in clerical sectors.

into the situation in Fleet

The group feels confident sion plans in London and Man-

 bring to London production southern editions of the Daily Star, which has been established for just over one the Express presses.

increase printing capacity by 12 units in London and 12 units

in Manchester to allow the Sun-day Express to expand from 32 tion of the Daily Star from Im

to 2m over the next few ye culation approaches 2m. The final decision to share production of the Star between

the NGA machine minders chapel, which Mr. Stevens final deadline for bringing production to London is next July. At the same time Express

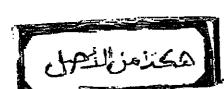
tion of the Evening Standard into the production facilities in the Daily Express' Fleet Street offices. Editorial, composition sive throughout Fleet Street, and make up are still done in "I don't think, though, that it the Standard building in Shoe

We had to know all the costs for a ship's crew before we financed a \$100 million loan for an international shipping group. And we did it by arranging syndication in London, New York and Tokyo while providing multi-currency management advice.



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Import flood threat to British textiles

THE GATHERING problems in Britain's textile and clothing industry have led to a renewed appeal by one of its leaders for retailers to buy British.

Mr. David Cunliffe, a director of Carrington Viyella speak-ing at the Fabrex fabric exhibi-tion in London, said that the erosion of the textile industry and of other industrial sectors would eventually affect UK retailers because of the effect the loss of jobs would have on

"We are constantly seeing consumer expenditure on clothing in the UK increasing, yet which belps create the wealth for this increase in expenditure is reducing in numbers and

"There must come a time when, if this industrial trend is not reversed, our wealth will also decline. Short-term gains : created by exploiting cheap sources of supply could lead to the longer-term disaster of industry, and in particular the clothing and textile industry." Mr. Cunliffe blamed the stark difficulties facing the industry on the rise in value of the pound, which has enabled not only low-cost countries but other EEC countries and the U.S. to step up dramatically their penetration of the UK market. Exporting had at the same time been made more difficult and high interest rates had hit new investment.

In the first six months of 1979 being made in Italy and only imports of woven spun fabrics 28 per cent in the UK.

filament fabrics were up 14 per

made fibre fabrics the deficit between UK exports to the EEC 42m sq metres in 1973 to an esti-mated 133m sq metres this year. Imports of the main textile items from the U.S. virtually of 1978 and 1979 and were still accelerating.

Mr. Cunliffe also blamed the

rise in imports on the ease with which the UK market could be penetrated because of its highlydeveloped retail network a adherence to the concept of fair play. Other countries in the EEC checked the import floed administrative delaying

tactics or by ignoring the rules. To sell fabrics in the U.S. market Britain had to surmount a higher duty barrier than was levelled against American pro-Mr. Cupliffe's warnings were

echoed in a recent speech by Mr. Geoffrey Cope, chairman of Cope Sportswear in Leeds. Mr. Cope said that more than 75,000 jobs were at risk in the industry-10 per cent of the

Mr. John Howard, chairman of the Fabric Buyers' Associa-tion and a director of Slimma, told the Fabrex seminar that a bers showed that 53 per cent of . woollen/worsted nurchases were

Fuel industry urged to give more aid to the poor

BY MAURICE SAMUELSON

PART OF the rising profits made by the fuel industry should be used to protect the poor from the full impact of increased prices, Mr. David Donnison, chairman of the Supplementary Benefits Commi

pected to double during the next 20 years.

The electricity and gas in-

For the longer term, he urged a comprehensive scheme of help with costs for all low income families. "It is only by first ensuring that the poorest people will be adequately protected that Ministers can justify charging richer people the more. charging righer people the more realistic prices for gas, electricity, housing, school meals or the other pervices which may be unawidable," he said.

The help being given this winter by the Supplementary Benefits, schools to pensioner.

householders over 75, and to those with children under five, and the rise in the family income supplement, were wel-come but did not go far enough. Paraffin prices, on which many poor people depend, are rising dramatically and drestic

rising dramatically and drastic gas price rises were being dis-cussed, he said.

"We field action now, before developments make fresh diffi-culties for more poor families, followed by yet another round of baseful up emergency

● At least 1.5m households will be worse off this year as a result of the Government's decision to do away with the elec-tricity discount scheme, claims the National Consumer Council. In a letter to Mr. Patrick Jenkin, Social Services Secretary, Mr. Michael Shanks, the council's chairman appealed to the Government to think again. the Government to think again.

The council bases its estimate consumers use fuel more of affected households on the economically and pay for it in overall figure of 1.9m houseways best suited to their holds which received the discount last year.

For the home

Expansion at Chubb's plant urged

CHUBB CASH of Brighten, part of the Chubb Group, was rester-day urged to expand production instead of going sheed with 85 proposed redundancies next

Mr. Chris Darke, divisional organiser of TASS, the white collar section of the Amalgamated Union of Engineering Workers, said that his union was "absolutely opposed" to the redundancies.

Dundee port charges to rise

DUNDEE Port Authority has decided to increase its rates by 20 per cent from January 1. Previously, the port has limited its annual rate increases to 10

Thatcher |

Ulster

hints at

BY STEWART FLEMING

THE BRITISH Government will lay before Parliament a consul-

tative document on Northern

Ireland the week after next,

Mrs. Margaret Thatcher, the Prime Minister, has disclosed in

an interview with the New York

The interview, claimed to be the first Mrs. Thatcher has given

A central element in it, however, is a discussion of British policy on Northern Ireland, a subject which is attracting increasing attention in the

United States and over which there has been growing criticism of the British Govern-

What is seen as British

inaction on Northern Ireland

has been attacked from several quarters, and Mrs. Thatcher clearly sets out to counter this

She says that after listening to everyone the Government will

have to make some decisions and

try this or that—whichever we get the most support for."

She also indicates that the end

of direct rule of Northern Ire-

land by Ministers in London

goals—"We cannot just go on

having direct rule, Ministers

taking all the decisions."

will be one of the Government's

"We are going ahead to

Criticism

Findus factory may create 1,000 jobs

food plant at a 22-acre site in Longbenton, outside Newcastle. It believes that the market for duction within two years from complete frozen meals will the start of building work grow substantially over the next Thus, it may open in mid-1982.

Findus looked at other sites

The company is the first orginal first org

UP TO 1,000 new jobs could be provided in a high unemployment area near Newcastle following the decision by speculation about the siting of Findus, the food company, to set up a £20m factory.

Findus is to build a prepared food plant at a 22-acre site in The company said yesterday delighted at the prospect of a that it had announced its plans labour-intensive factory moving to Tyneside.

Unemployment is running at an average of 10 per cent in whether to go ahead with the prospect would be taken in the unemployment figure is between 12 and 13 per cent.

The footcome and the prospect of a delighted at the prospect of a that it had announced its plans labour-intensive factory moving to Tyneside.

Unemployment is running at an average of 10 per cent in whether to go ahead with the unemployment figure is between 12 and 13 per cent.

The factory could be in pro-

Earlier this year Findus sought Government belp to keep its fish processing factory open. It received a temporary

few years.

Newcastle has proved the most attractive site for two reasons. It has the available skills and is classed as a special Development Area. As such, the council to make available company is eligible for a 22 per cent grant on capital expenditure.

Findus may well be eligible for Tyne and Wear County Council since the first orgen foods grew by only 2 per cent in volume and 9 per cent in ales value last year—making the market in the UK worth £790m. This reversed a decline in 1977. Frozen foods are now poised for a more rapid growth over the next few years.

The company is the first orgen.

ened with closure in April field site, three miles from Newbecause of lack of fish. However Hull's classification as a

The North of England Devel1973. The trend towards more development area meant that opment Council, which has had snacks and so called fast foods only a maximum of 15 per cent several meetings with Findus, is expected to accelerate the grants would be available. said yesterday that it was growth.

£3m draglines. order for opencast site

TWO DRAGLINES worth some £3m have been ordered from the U.S. for the recently announced opencast coal site at Tanner's Hall, County Durham, by Lomount Construction, a subsidiary of Contractors' Services Group.

Lomount is to extract close on 1.5m tons of coal over the next 80 years at Tanner's Hall.

One of the machines, Britain's first Marion 195M HR4A electric dragline of improved design, with independent travelling motors to drive its crawler tracks, will be delivered for use next September.

. It, like the other machine, is a 12 cu yd, 170-ft boom dragline. The second is a Bucyrus Eyrie 380-W walking dragline, also an



Clare Francis, Britain's round-the-world yachtswoman, and John Oakley, skipper of Lionheart, British entry for the 1980 Americas Cup, at the unveiling of a specially designed Rover V8. This was to launch a scheme to help raise funds for the British Challenge. For each of these special "Lionheart" Rovers sold by Heron Motors the fund will receive £100.

Group's cautious optimism for economy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

been taken by Economic Models, a major London-based forecasting group, in its latest analysis published yesterday.

The group suggests that in the first half of the 1980s the rate of economic growth, asmeasured by real Gross Domestic Product, will average 2 per cent, compared with 1.7 per cent a year over the last decade.

Growth is expected to be virtually zero this year and next. However, the economy should grow by 2.3 per cent in of about 2 per cent after that. Both consumer spending and investment should be stronger per cent a year. tanks. They will work than in the past decade. There is disagreement among to four days a week. than in the past decade.

1. The Drive 2. The Splash Shot

3. The Iron Shot 4. The Putt

urgedi.

CAUTIOUSLY optimistic The rate of inflation is ex-forecasters about the prospects view of the medium-term out pected to remain in single look for the UK economy has figures in the mid-1980s. Unemployment should rise to 2m by 1983,

Economic Models is more optimistic than some other groups. Staniland Hall Associates, for example, argues that fiscal and monetary policies in the UK are likely to lead to a fall in output in the first half of next year and an average annual increase in output of only 14 per cent a year over the five years to 1984.

Staniland Hall argues that the period of rapid growth of 1981 and expand by an average real incomes is finished. Bu: over the next five years, rea! hort-time working this week beincomes should still rise by 3 cause of a drop in orders for

for the current account of the balance of payments. The Henley Centre for Forecasting, for instance, projects a surplus of £1.45bn next year, while slockbroker T. C. Coombs forecasts a deficit of £2.8bn.

Tank workers on short-time

ABOUT 1,400 workers in Vickers defence division at Elswick, Newcastle upon Tyne, will start tanks. They will work from two



Thornies, Askham, Newark, Notts. NG22 ORN

rel: Gamston (077783) 234

Steel reduction plant may open

THE BRITISH STEEL Corporation is considering starting up one of its two direct reduction plants, mothballed since their new move completion last spring.

The plants, built by the West

BY RAY PERMAN, SCOTTISH CORRESPONDENT

German group Korf at a cost of £60m, are at Hunterston, on the lower Clyde, near the £100m ore terminal which began work yesterday after a six-month inter-union dispute kept it idle. They are the first of their kind in Britain, designed to reduce ore to pellets of more than 90 per cent pure iron for use as an alternative to scrap, a basic feedstock for electric-arc steel-

making.

BSC has so far not run them because scrap has remained cheap, and because the Hunters ton dispute cut off ore supply.

to a newspaper since becoming Prime Minister on May 4, took place on Friday in London and covered a wide range of issues. Jobs call

Now the second of those obstacles has been removed, and though scrap prices have dropped slightly in recent months BSC may operate one unit for a period, to test de-

Its own electric arc furnaces at Sheffield could use directionreduction pellets and BSC has talked to private steelmakers in the hope that they might also provide a market.

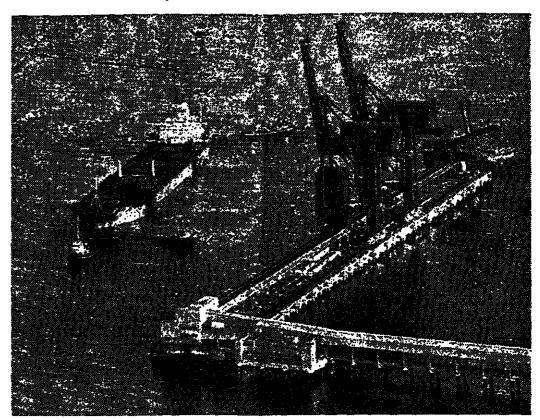
The Iron and Steel Trades Confederation has pressed BSC to start at least one plant to provide jobs for workers made redundant from other steel-

It could be some time before production can begin, since staff must be trained and the gasfired kiln in one plant commissioned.

The Hunterston ore terminal took its first delivery yesterday, when a Norwegian bulk-carrier, the Ancora, began unloading point by March.
119,000 tonnes of Brazilian ore destined for the Ravenscraig
1.6m tonnes and the tonnes are tonness. steelworks at Motherwell.

unload coking coal on its way from Australia.

Other topics included the EEC, the Atlantic alliance, and Zimbabwe Rhodesia. It may take as long as a month year.



An aerial view of the Hunterston terminal.

to build up ore stocks at Ravenscraig, but British Steel is confident that it can maintain production there, and has lifted the threat to close the works temporarily.

Mr. Jake Stewart, Scottish director of the corporation, said that using the Hunterston terminal would save £12m a year on handling ore for Ravenscraig, which should be moving towards a financial break-even

Output at the works has been 1.6m tonnes annually, but the decision to close Shotton steel-A second carrier is due in works and draw more than two weeks' time and the 500,000 tonnes of hot rolled coil terminal will also be used to steel from Ravenscraig should lift production to above the break-even level of 2m tonnes a

NEB completes computer talks

and the National Enterprise Europe. It will make available tions to set up a joint-venture to develop and manufacture multi-function micro-computers for 49 per cent of the ordinary

for 51 per cent of the ordinary its technology.

Q1 CORPORATION of the U.S. shares of the new company, Q1 Board have completed negotia- a further £3m as redeemable shares and 51 per cent of the The NEB will subscribe 2m voting rights in exchange for

Two choices, says Methven

general of the Confederation of British Industry, called on mere Port he said the alternamanagement yesterday to take tives were to continue to slide the lead over the very difficult and become a divided society—
period facing the country in or to learn to work together.

SIR JOHN METHVEN, director the next 18 months. Opening a factory at Elles-

"When I use Lufthansa on my business trips the work starts after I've landed and not before."

"When luse Lufthansa for a holiday flight, the holiday starts on board."

These are authentic passenger statements.



Consult your Travel Agency or our timetable for exact details of all our flights.

BL cash help tied to pay agreements

wage negotiations—it has offered a 5 per cent increase and a self-financing incentive scheme claim-will be crucial in determining whether it receives any more State finance.

that successful conclusion of a new wages and conditions package would be regarded by the offer pay increases, other State industries, such as BL, British than the outcome of the recent Steel Corporation and British than the outcome of the recent

In the ballot, the workforce voted overwhelmingly in favour of BL's plan to axe 25,000 jobs and close or partially close 13

Sir Keith, who was accused by Labour MPs of seeking to impose curbs on pay increases in ered, together with market the public sector while leaving the private sector to negotiate ductivity and other factors freely, answered: "No" when asked if the Government had an to be essential.

shadow Industry Minister, con-tended that a letter from Sir level. Keith to the chairmen of nationance on conduct of future wage neotiations, contradicted Gov-

Rolls-Royce to free itself from

Department of Industry was

Mr. Jock Bruce-Gardyne (C. Retail Price Index.

while it might be justifiable for profitable State concerns to Shipbuilders were in no pesition to offer any increase. Sir Keith said that the letter

ised industries could make different responses in their conduct of pay negotiations. Supply

Sir Keith said there had been incomes policy. Sir Keith said there had been Mr. John Silkin, Labour's no reference to earnings as such

"There was a recognition Reith to the chairmen of nationalised industries, giving guild that labour costs are a very imposals put to them by BL. ance on conduct of future wage portant factor in total costs and "This will have more significant in contradicted Government's mind the country of the ballot."

Joseph guarded on Rolls-Royce

industry Secretary, gave little fer would be far better than was a good case, from the tax-

- Mr. Grylls added that if the

that Rolls-Royce should become tion should be accepted and accumulating orders regardless

directly answerable to the millions of pounds of taxpayers of the fact that there was little

Department of Industry was money saved by the ending of visible prospect of securing an under consideration. An announcement would be made when a decision had been reply but pointed out that the necessary to bear in mind the

Mr. Michael Grylls (C., Surrey do even with the reduced role Royce about the exchange rate NW) assured Sir Keith that envisaged for it under the terms in its hugely successful drive

there was great support for his of the Industry Bill now before for orders. Those assumptions

BL'S HANDLING of current not intervene in management of costs, including labour costs, to

Mr. Kenneth Lewis (C. Rut Knutsford) strongly attacked a land and Stamford) argued that phrase which, he said indictate was a need to differentiate that wage increases should liate between the public and not exceed the growth in the private sector but Sir Keith underlined the restraint placed Sir Keith Joseph, Industry He maintained that this made on the private sector by the Secretary, told the Commons nonsense of the concept that need for each individual firm

> Questioned about the allocation of the £225m still outstanding from the filbn already pledged to BL by the former Labour Government, Sir Keith insisted that the timing was not

Mr. Jeff Rooker (Lab. Birmingham Perry Barr) pressed Sir Reith for a commitment that as the workers had backed the plan for BL, the Government would do the same.; Sir Keith replied: "You are missing the point. What the

current pay and conditions pro-

"bureaucratic contraceptive."



CHANCELLOR'S HAND-ME-DOWNS: Sir Geoffrey How (above) wears the Chancellor's ceremonial robe to go to the Law Courts for the nomination of new high sheriffs.

The black silk satin robe, which weighs about 15 lbs and is identical to the robes worn by the Lord Chancellor, was made in 1887 for the then Chancellor of the Exchequer, Mr. George Joachim Goschen. It was passed down through various ChanceHors and is believed to have been worn last in 1915 by Mr. Reginald McKenna. It now belongs to the Treasury.

It is traditionally worn over court dress or with the ceremonial dress associated with the wearer's profession. Sir Geoffrey wears it with the court coat and vest, knee breeches and steel-buckled shoes of a Queen's Counsel, and

Tory deal with Muzorewa feared

NEB had a substantial job to assumptions made by Rolls-

the National Enterprise Board. NEB threatened to resign if the

He admitted that the proposal transfer took place, the resigna-

FEARS THAT the Government for the first time be involved over the role of the present Patriotic Front and the Comintends doing a separate deal directly in the conflict. security forces in Rhodesia monwealth were far more likely with Bishop Muzorewa on Mr. Lyon moved an amend—during the election. Rhodesia were voiced in the ment stipulating that an agreethe Southern Rhodesia Bill talks before the Government began its committee stage.

Government is planning to as the leading babour back-implement the Bill even if no bench spokesman on the subject. agreement is reached with the pointed out that Bishop Muzo-Patriotic Front at the Lancaster rewa had now sent his delega-tion back home to get ready for

Government to return Rhodesia "What are they doing that to legality by the appointment for?" he asked. "Can it be of a British Governor in that the Government has Salisbury.

Mr. Lyon feared that if no agreement was reached with the Patriotic Front, the Governor could find himself pursuing the war against the guerrillas.

last night by Mr. ment must be reached by all

can grant a new constitution to

Mr. Lyon again expressed Zimbabwe-Rhodesia.

Labour suspicions that the Mr. Lyon, who has emerged The legislation enables the the new elections in Rhodesia.

do a deal with Muzorewa and Bishop Muzorewa had said

something that was not known Alexander Lyon (Lab, York) as parties to the Lancaster House, to British MPs at Westminster, of difference that had not been Mr. Lyon said that one of the settled. With such matters still of who would control the security forces during the elections. The Commonwealth, he getting the Bill through. understood, was prepared to provide 20,000 troops—enough view that an all-party settlement for the total security of the was imminent at Lancaster was imminent at Lancaster House. If the legislation went country.

The British Government, however, had resisted that on the faced with an intolerable grounds that a military commit- situation. ment should be based on a limited number of observers. The Government, he said, was he has gone back because he proposing that the observers knows it is in the bag?" should watch over the existing

security forces who would retain ar against the guerrillas. . . that he would not agree to a their weapons.

In that event, Britain would Commonwealth force taking Mr. Lyon suggested that the

BBC cuts revolt sidestepped Therefore, he must know pletely fair election campaign. THE GOVERNMENT has This was a considerable issue

through, Parliament could be

He wanted to know what

would happen if, in the absence

of an agreement, the British

Governor was put into Salisbury

with British troops committed

It would put Britain in the middle of the fighting.

THE LABOUR Party is to take

legal advice on the terms of its

new rules for the mandatory

re-selection of Labour MPs.
This was decided by the

party's organisation committee

last night after a report from Mr. David Hughes, the national

agent, on errors in the drafting

om amendments to the party

Mr. Hughes suggested that the wording of the new rules —one of the reforms secured

by the Left at this year's con-ference—could render the

party vulnerable to legal action

Local parties will not be

allowed to implement the re-

selection procedures, which are

seen as a threat to the posi-tions of some two dozen right-wing Labour MPs, until the situation has been clarified.

firm that the rules are open to

question in the courts, the reform may have to be delayed

until they are re-defined by the

conference next October. Mr. Erle Heffer, chairman of

the committee, said last night

that the issue would be con-

sidered again at a meeting next

quite clear, the committee endorse it, and we are fally determined that it should be

• TOUR COSTS: A trade

union study visit to America

to examine the micro-clectronics industry, which included union leaders

Messrs. David Basnett, Frank

Chapple, Joe Gormley, Clive

Jenkins and Bill Sirs, cost the

taxpayer "under £1.000."

David Mitchell said yesterday

a Commons written reply.

Under-Secretary

implemented," he said.

Union visit

The conference decision was

month.

If the party's lawyers con-

from rejected MPs.

Selection

advice

sought

backed away from a confrontation with many of its own backbenchers over the proposed cuts in the BBC's Conservative MPs could still support the Government in to be debated in the Commons tonight. Mr. Lyon did not take the

Instead of opposing a motion that there should be no cuts in the BBC's budget for its overseas services— tabled by Tory rebels and supported by the Opposition the Government is to accept it. It is therefore unlikely that there will be a division. The reason for the apparent

about turn is that Ministers argue there has been no cutback and the budget will expand next year by nearly £5m even after the proposed cuts of £2.7m. The original intention was

to close down seven foreign was such an outery from Tory MPs that a face-saving formula was found with the BBC involving deferment of capital spending to improve audibility in Eastern Europe. Although some Tory rebels found this acceptable, others did not. One described it as "a shoddy and short-sighted compromise" that would adversely affect some of the

most vital services. Rather than still face the posibility of defeat, which could have damaged credibility over the enforcement of other spending cuts, the Government has decided to take advantage of the wording

of the motion and avoid a Some of the Tory rebels still intend to continue their fight against any cuts in the but the heat will probably go out of the campaign now that the vernacular services have

The next campaign to be launched by Mr. Julian Critchley, (C., Aldershot and the leading rebel on the overseas services) is over the British Council's badget. Mr. Critchley, with the sup-

port of five other back-benchers, tabled a motion last night praising the work of the council and expressing anxiety "lest further cuts in its activities at present under review take place leading to a 25 per cent cut in its activity and a 40 per cent reduction of

 JURY VETTING: An urgent debate on jury vetting was demanded by Labour MPs last night. Mr. John Morris (Lab. Aberavon), said there was "grave disquiet" about jury vetting, and Mr. Bob Cryer (Lab, Keighley) called debate on the issue so that the public need no longer "fear that there was something funny going on behind closed doors."

Vauxhall offer close to full acceptance

acceptance by its 26,000 manual acceptance by its 26,000 manual workers of a 17 per cent pay offer when 270 machine setters which also are being asked at its Ellesmere Port plant, Merseyside, voted by about about the future of the plant. The letters are part of a relations, particularly between the letters are part of a relations, particularly between the letters are part of a relations, particularly between the letters are part of a relations, particularly between series which the company has series which also are being asked the southern plants. The southern plants acceptance of the effect and the series are part of a relations, particularly between series which the company has series which the company has series which also are being asked the southern plants. The southern plants acceptance of the first and interminon relations, particularly between series which the company has series which the company has series which the company has southern plants. The southern plants acceptance of the first and industrial and interminon relations, particularly between southern plants. The southern plants acceptance of the first are part of a relations, particularly between series which the company has series which the company 3-to-2 to end their 10-week-old tionally more militant plant.

He denied that the decision

by the setters at their homes before yesterday's meeting from the strikes had cost it 34.000 Mr. Don Vallance, plant vehicles with a showroom value manager, which said that their of more than £125m. A settle-

National union officials will to work last night. Production now take up with the company workers are likely to be recalled their grievance that the pay on a phased basis later this offer establishes a 2p per hour week. Full production is differential for 1,200 fitters at expected to be resumed next

Mr. John Lewis, the setters: The remaining 1,500 workers senior shop steward, said they laid-off at Vauxhall's Luton and did not regret their strike. Dunstable plants will start work which went on for two weeks from Thursday. Engineering after production workers voted workers' shop stewards at to return to work. He said Dunstable have said they will people were now aware of their existence and that they were not to be trifled with. workforce has been recalled, any meeting is although resulted from letters received expected to accept the package.

VAUXHALL MOTORS yester action was jeopardising the ment on the pay offer has sourced day all but secured complete future of the plant.

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which also are being asked privately by union officials acceptance of the effect and the about the future of the traditionally more militant plant.

The setters started to return strikes could lead to difficulties between southern are acceptance. between southern drivers and Merseyside workers when Ellesmere Port resumes norma working. Ellesnerd Por stewards have said they will no sit at the same bargaining table again as southern stewards

Despite the strikes, the company hardly altered the package after its first tabling It raises wages at separate craft workers, including the fitters, from £86.80 to £100. Middlefrom £77.20 to £87.80 and bottom-grade from £68.80 to

The deal also includes holiday improvements and agree ment on performance and

Cuts 'magnified' in Ulster

BY OUR BELFAST CORRESPONDENT

MR. LEN MURRAY the TUC policies being pursued by the general secretary, said in Belfast present Government," he said. esterday, that the effects of public spending cuts were being magnified in Ulster hecause of the region's already intolerable memployments levels.

delegation in talks with the Northern Ireland Committee of the Irish Congress of Trade Unions, said the area's unemployment and inadequate social provision had been a major contribution to the present

and effective picture of the Ireland dimension" into consequences of the kind of British economic argument.

mr. Murray, who was accominate underline the inadequacies; even the dangers of present Government policies and emphasise the med for a positive strategy of present for a positive strategy of present committee early the positive strategy of present committees early the present committees the present committee agreed with the Northern Ire and Government involvement is land Committee that the pro- generating new investment and vince should be treated as a promoting trade," Mr. Murray special case, even an extreme said-after the talks at Transport

lems, but the TUC was trying senting Government, industry
"This represents a very sharp to introduce the "Northern and the unions, meshed nearly
deflective picture of the Ireland dimension" into the into the TUC's overall policy, he

at was difficult to impress the The Northern Ireland Com-gravity of Ulster's position of mittee's present "jobs action workers in Britain who were programme," which will

Improved pay offer expected by miners

MENERS' LEADERS expect the split 7—7 on the timing ques-National Coal Board to improve tion—appear to have no fixed its pay offer today, but they are unlikely to be content with less than the current rate of

The real bargaining on wage rates opens at NCB headquar- dent, hopes to conclude the ters now the National Union of negotiations by the end of the Mineworkers has accepted the month board's plan for a staged return to the traditional November 1

pay anniversary. The board has so far put forward an outline offer worth between 11 and 15 per cent, and says that is all the money it has immediately available. But that offer has twice been

rejected by NUM negotiators, who clearly believe the board will have to find some more money now the serious bargaining is beginning. The union's original claim

was for increases of between 30 and 65 per cent, to give surface workers at least £80 a week and faceworkers £140.
It also demanded a four-day week, a return to the Nov-

ember 1 negotiating date, and protection of earnings for underground workers forced by illhealth to take lower-paid sur-The union negotiators-who

THE Department of National

Savings yesterday suspended 207 civil servants at its Cow-

gien, Glasgow, headquarters. The staff, cierical workers and

machine operators, are mem-bers of the Civil and Public Ser-

vices Association, which has

been banning overtime as part

of its campaign against Civil

Savings staff suspended

satisfy them.

Mr. Joe Gormley, NUM presi-The union has modified the

form of its claim to the extent of seeking a common percentage increase for all grades.

A working party has been set up to consider the demand for a shorter working week. Meanwhile according to the union, the board has conceded the important principle of protection of earnings, and will discuss earlier retirement for surface

The offer so far consists of £140m, of which £20m would be for the improvement of various allowances. The miners are also due to receive a payment for "washing and winding time" from January 1, as part of the last settlement, in March this

In keeping with the Govern-ment's declared policy on pay bargaining, energy ministers have kept strenuously aloof from the miners' negotiations.

mal working. The office's staff of about 4,000 run the National

The department said yester-

The union said that almost

day: "At the moment we should

be able to maintain the current

all its 3.500 members at the

Cowgien office walked out when

Savings Bank.

work.

Service expenditure cuts.

Another 93 civil servants at Cowglen have been warned that they face suspension later this week unless they resume normalized motions would remain.

Electricians defend call for ballot

THE POSPTION taken by the

Electrical and Plumbing Trades Union in the recent national threatened a unilateral ballot of yesterday by Mr. Efic Hammond, a member of the electricians' executive.

The EPTU national engineer ing committee of shop stewards was convinced that a decision on industrial action should be taken by all the workers in the industry, said Mr. Hammond, writing in Contact his union's journal.

But the other unions involved refused, and "even when the industry was faced with total closure" the Confederation of Shipbuilding and Engineering Unions would not give workers a direct vote.
"It is inevitable that we will

continue to have distinctive attitudes so long as we base those attitudes on a wider sec tion of our members than do other unions. "Our step is determined by

the clear beat of democracy's drummer. We cannot turn back —it is for others to catch us up."

Media writ for McShane THE Institute of Journalists has

issued a High Court libel writ against the former president of the rival National Union of Journalists over publication of the book. Using the Media. The writ claims damages against Mr. Denis McShane, NUJ president in 1978-79, Pluto Press Marylebone, London, and

Cox and Wyman, of Reading, The IOJ seeks damages and an injunction resumment further publication of the book, first appeared in

Better deal for chemists

FINANCIAL TIMES REPORTER

could give the 9,640 retail pharmacists in England and Wales an extra £36m has been suggested in an independent report now being considered by Ministers at the Department of Health.

The report, drawn up by the Independent Profit Assessment Panel, recommends that retail chemists should be allowed a 27 per cent return on capital instead of the present 16 per cent. The panel wants the revised formula to be backdated

to 1976. The formula itself would be worth some £16m and the further £20m.

backdating would be worth a But the report also says that pharmacists may have been overpaid by as much as £26m because of the breakdown of resale price maintenance. Drugs

increasing: evidence that are closing wholesale chemists and their day. retail costomers have been finding ways round it.

Mt. Day

price of drugs, even when the covernment would a chemists have bought them at a pointed out that the pane chemists have bought them at a discount. In its report, the been set up by the previous panel has called for an inquiry Government with the consent of into discounts. into discounts.

at which retail pharmacies have from January, 1980.

has been retained but in the been closing in the last few last few years there has been years. It is claimed that they that are closing at the rate of one a

Mr. David Sharpe, president of the Pharmaceutical Society. The National Health Service said yesterday that he presumed the Sovernment would accept the Sovernment would be sovernment would b the Conservative Opposition and It hopes the new payment stated that pharmacists expected formula will help slow the rate the report to be implemented

Busmen's secretary appointed

Workers Union has appointed Mr. Bill Horris, a Northampton district Afficial as national 2 post in the union. He succeeds
secretary presponsible for the Mr. Larry Smith who has been
union's interest. are one of the few products on secretar which resale price maintenance union's

THE TENSport and General Mr. Morris will be the first black official to reach so senior a post in the prion. He succeeds



LEADERS TRIBUTE: Mr. James Callaguan (left), Mr. Harold Wilson, Mrs. Margaret Thatcher and Mr. Edward Heath at the unveiling of a memorial statue to Lord Attlee.

When (formalit name w

in the V

هكنامن لتصل

"My car couldn't have chosen a more desolate spot to break down. I abandoned it with ill-disguised anger and started walking.

I had been going for maybe half an hour when a Volvo estate drew up beside me. Such is my dislike of the car, that had it not been raining I would have waved the driver on."

Let me start by admitting to a certain amount of irrationality when it comes to cars.

I have always bought cars that are faster than they need be, more luxurious than they should be and more expensive than they've any right to be.

In short, when on four wheels, I am a confirmed

seeker after pleasure.

Ster

In the opposite corner, I always imagined were Volvo. Austere, frugal and eminently sensible.

The kind of car your mother would say was good for you.

Judge then my feelings as the Volvo stopped beside me on that rain-soaked road.

The driver was not some elderly hill farmer but a man I would not have put much above thirty-five.

"Can I give you a lift?"
he enquired as he held open
the door. "I passed your
cardown the road—beautiful
looking machine."

As I slipped into the passenger seat I noticed that I was sitting on real leather. (The first of many discoveries I was to make that evening.)

"Let me introduce myself,mynameis James Durban." When on the defensive, I invariably hide behind formality.

My rescuer was more relaxed and told me that his name was Tony and that he had a house some twenty miles away.

"Have you driven far?" I asked.

"About 300 miles" he answered. "But it's very easy in the Volvo. The 265 is a very long-legged car."

"You must have spent a fortune on sound insulation" I said with an ear to the uncannily quiet performance of the engine.

"Not a bit. It's a 6-cylinder engine. 2.7 litres with fuel injection and a light alloy block. And as you can hear very quiet."

The conversation was taking a turn that displeased me. As he steered the car expertly through the narrow country roads I attempted to steer the conversation towards more general topics.

"What do you do?" I asked.

"I'm a writer and I deal in antiques. I've just bought the coffer you see in the back."

I turned round and noticed that the rear seats had been folded flat and that we were travelling with a beautiful oak chest at least 6 ft in length.

By now I was beginning to go through that most uncomfortable of human emotions – a change of mind. However, I wasn't about to give up without a struggle.

"Yes a jolly practical car the Volvo, but it's a bit short on the creature comforts don't you think?"

Looking back I'm surprised he didn't turf me out there and then. Instead, he simply defeated me with facts.

"Well," he began, "there are a few standard features you might appreciate. Like air-conditioning, electric windows, power steering, heated driver's seat..."

"How thoughtfully Nordic" I muttered gracelessly.

He continued with a light smile, "Metallic paint, electrically operated door mirrors, heated rear window, central locking."

I interrupted him. "Alright, point taken. And I suppose you still haven't come to things like a cigar lighter, electric clock and a light in the glove box?"

"Exactly" he replied. "The Volvo has all of those, not to mention stereo speakers in the front doors."

The rain had begun to ease and as my clothes dried out I recovered a little of my customary good humour.

"Well, it's certainly more comfortable than I thought, is it expensive?"

"With the automatic gearbox it runs out at £9,868."

When I thought of what I had paid for the piece of exotica languishing on

the road some fifteen miles behind us, I was stung to one last justification.

"Of course, my car is much faster. I can reach 150 mph on a good dry road."

"It's not quite so fast in the wet though, is it?" He asked the question in the mildest voice possible. To my credit, after a moment's hesitation, I burst out laughing.

"Touché" I said and for the rest of a very enjoyable journey we talked about antiques.

The Volvo 265.



RESEARCH

Making the micros work together

will allow the average engineer/ scientist, with a modicum of computer training, to gain an immediate advantage from

One project aimed at doing originators the National Phy- grammed as if it were one unit sical Laboratory and Scicon. the latter having the task of commercialising the outcome. For once, it appears that

Demos has no acronym, nor is it truly a product in the accep-ted sense. What it is, in effect, is a novel method of putting together a number of small purposes as if they formed one large machine.

nology (HUSAT) research group at Loughborough.

This may well be the first

time this kind of scheme has

been applied where a university

team considers the needs of a

particular industry, plaus appropriate research and then

invites industrial concerns to support it on a subscription

HUSAT. which includes experts in ergonomics, psychology and related sciences, is

a group within the University's

Department of Human Sciences.

The group is concerned with

human factor problems, parti-

cularly in methods of applying

advanced technologies, ranging

over many problems from the

effects of computerisation and

automation to the evaluation of

Emphasis will be on the com-

puter and microprocessor side

Impact of technology

AN ENORMOUS amount has been written so far about the benefits of using microprocessors but relatively little about the difficulties of rapidly puting them to use in a form that same time, Demos dispenses and the complex supports of this method of approach is that the programming problem becomes less time-consuming, if considerably more subtle. But, at the same time, Demos dispenses with a complex generalised operating system and, instead relies on one which is application-oriented. Each processor in the arrangement has its own store, the system is not a disjust this is called Demos by its persed one, and it is pro-

> Notionally, the method would be suitable for handling from five to 50 processors and instruction rates of typically 12m per second. A large conventional machine would run at around 5m and one of DEC's powerful minis, the PDP 11/70, at 0.4m.

Prototype equipment is based computers, minis or micros, and on three Argus 700F machines treating them to all intents and at the National Physical Laboratory, each with a 10MB disc, connected temporarily into the

NPL "information ring main." By January this should be running at 6m words/sec.

European Space Agency for a European Space Agency for a major project covering the equipment simulation of satellite subsystems and space experiments and able to link together up to 32 minis or micros.

Meanwhile, a big effort is being put by the two partners into yet another development which will harness together 16 of the powerful and relatively new Intel 8086 micros to run, on the ADA real-time language evolved for the use of the U.S. military, among others. It should be ready for demonstration during the first quarter

next year. Scient sees ADA emerging as the most important of the languages for use in real-time working and it is probable that, in Britain, over the next few years bids for military work will offer it as well as the UK-backed

Involvement with Demos and ADA/Scicon will undoubtedly take it further into the realtime world where it already has seven message switching and 18 front-end systems in and operating and is developing five new systems for depot automation.

This systems and service house is also deeply involved in manufacturing. Share facts will be in colour

Scicon Consultancy Inter-national, Sanderson House, 49 Berners Street, London W1P 4AQ. 01-580 5599.

PACKAGING

RESEARCH WORK paid for on adapted to the needs of the a subscription basis is to be individuals who are to work undertaken by the Human them Concentration will centre packs the Sciences and Advanced Tech- primarily on individual people's confidence, comfort and efficiency when using the equip-ment. Experience has shown that this almost invariably leads biscuits

to improved morale and efficiency within the whole organisation. Typical proposals are "Work Organisation and Rest Pauses for Users of Visual Display Screens" for which about 25 subscribers or joint sponsors will be invited to contribute Seacroft, Leeds, £600 each; The Use of Word Processors (25 at £650); and

by Voice (11 at £950). . For this contribution the sponsor will be sent full reports on the research, receiving useful results normally in a matter of months—a substantial benefit in return for a relatively particular examples of complex small payment.

Communicating with Machines

Loughborough University of of modern developments, and LE11

Wraps and

ROUND, SQUARE or rectangular biscuits can be stacked into rectangular pile packs with six-sided corrugated paper protection and a single or double overwrapper with a machine known as the RF 380 now added to the range of Rose Forgrove,

Production speed is up to 30 packs per minute, says the company, and only one operator is required to supervise the advance-design pile feeder which can be fed with a minimum of channelling from an existing packing table, or by hand, and incorporates a pressureless feeding system.

Wrapping section is designed to give the operator maximum Technology, the Elms, Elms access and good visibility and a Grove, Loughborough, Leics. comprehensive fault finding LE11 1RG. Loughborough panel also enables him to HUSAT's aim will be to study (0509) 63171 extension 393 or rapidly identify and correct ways in which these can be best 392.

ning at 6m words/sec. Demos has been selected by Moves heavy

ANYONE WHO has seen heavy tracked 'equipment' being manoeuvred up timber baulks and on to the deck of a trailer need not be told that it is a skilled and somewhat dangerous operation. Offering a major simplifica-

tion is equipment from low-loader specialist King Truck Equipment a beam deck trailer that sharply reduces the overall height of transported cranes and other large items of tracked plant and equipment.

The trailer's narrow (4 ft) beam deck locates between the tracks and supports the underrarriage of the crane/plant, leaving the tracks suspended over the sides of the deck. This, combined with the low deck height (25 in, nominal, laden). effects the significant reduction in overall load height:

The deck is lowered/raised by a hydraulic gooseneck which detaches to allow drive-over

DATA PROCESSING

ment that the Stock Exchange in London has placed an initial

order for 100 viewdata terminals

to be used on its Topic price information services, is that the

order has gone to a newcomer-

Bishopsgate Terminals, Formed only a few weeks ago

by Hambros Bank, the Modeomp

minicomputer maker (which is

now joining force with AEG Germany), and Alphameric

Germany), and Alphameric Keyboards, Bishopsgate claims

terminal will also have the

ability to gain access to the



loading and unloading. The trailer, supplied by Cad-zow Plant, Hamilton, has a 50payload capacity and be operated behind a Scania 6 x 4 tractor unit, giving an overall outfit length of 66 ft. The rear bogie is a King rear steer dolly, assisting manoeuv-

Over the next three years, it viewdata systems.

other offerings on the market Millars Lane, Ware generally adaptations of Berks. 0734 788711.

down to it.

rability in tight situations. Carrying one of Cadzow's

is expected that Topics (teletex

output of price information by

computer) will take some 2,000 terminals—around £2m worth

ment for this system will be

and that the ultimate require-

Bishopsgate hopes for the

In the meantime, according

Ruston Bucyrus 38RB Series 2 ing The gooseneck is a King excavators, the overall height H60 Hydroneck, is only 14 ft, compared with a Additional fu height of 15 ft 3 in when carried on a conventional low able with this trailer and stan-loader. The beam deck is 26 ft dard form capacities up to 80 long by 4 ft wide and it has sunken shackies for securing the load. It also has outriggers which can be used to widen the deck for ordinary load carry-

King Truck, Riverside Industrial Estate, Market Harborough, Leics., LE18 7PX.

Additional full width decks with various lengths are avail-

tons are possible. Market Harborough 7361.

BANKING

Prevention SIGNIFICANT in the announce. Prestel service and show pro- equipment developed primarily Of fraud

grammes from the various TV for home viewers' use and not NATWEST IS to use the high channels. Magnetics" stripe system on Because of its composition, 5.2m of its cheque guarantee Bishopsgate will be a prime cards. These will be issued to contender for the supply and the bank's customers starting in

installation of private viewdata 1980. systems both in Britain, where Watermark was originally systems. U.S., where direct competition In an era of "plastic credit" will not appear till GTE gets CRL's development of a reliable and infallible method of confirming the authenticity of a credit card has been regarded, on both sides of the Atlantic, Way, Old Woking, Surrey is confirmed in the U.S. by the 104862 71555. Modcomp, Molly award to CRL of one of the 2004 709711 search—IR100 awards for 1979.

The technique of watermark magnetics involves structuring a code into the magnetic recording tape during its manufacture. The code is fixed into the tape in such a way that it is given magnetic patterns which cannot be altered or erased. The patterns are arranged during the production process so that they WITH THE continuing escalation binary codes. With a tion of precious metal prices, recording density of 40 bits per

The basic electrolysis technique has been employed for purposes, the number of cards many years, but in a machine that can be issued, each card-called El Toro, made by AB carrying its own unique and unrequirement projections. The Nils Christiansson in Sweden atterable identification data, is

Bonded into plastic cards "watermark" tape bars the use of fraudulently prepared bank cards, prevents the transfer of data from a valid card to a false card (known as "skimming") and combats various other threats to card security Readers supplied by Emidera

can distinguish between the permanently encoded Water-mark and any subsequently over-recorded information the issuing house may wish to im-The cards can, therefore still be used to carry normal magnetic date and be read using a standard reader in circumstances where the high security offered by the Water

LAING

make ideas take shape

. HEATING

Control of **furnaces**

OFFERED BY Alan Bennett of Sheffield are power regulators for resistive and semiinductive loads such as furnaces

and ovens covering the one to 1000 kW range. By altering circuit links the regulator will alter the feed to the load either by phase angle firing of the thyristor devices or by burst firing, in which the cross over point on the mains waveform is detected and the input is switched on and off for a whole number of cycles, thus varying the average output to the load. Single or three phase loads can be accommodated and the company emphasises that all known types of heater can be fed.

e reu. The AC output is variable between 0 and 98 per cent of the mains voltage input control can be manual using potentiometers or remote from 0 to 5, 0 to 10 or 4 to 20 mA sources. Alternatively control can be via a programmed logic controller. Input circuits are partien-

larly suitable for centralised control whereby a user can impose peak kVA demand-limiting on several heavy loads which if operated independently under local control sensors only, could take power at the same time. with peak demand penalties Orgreave Drive, Sheffield, \$13 9NR (0742 693281).

INSTRUMENTS **Determines**

elasticity MODULUS OF elasticity can be determined immediately, without the need for calibration or lengthy computation, using an electronic instrument put on the market by Lemmens Elektronika, Research Park, B-3044 Leuven-Haasrode, Belgium. Useful in a production or re-

search environment, the Grindo-Sonic Mk 3-S makes use of a shock excitation technique, measuring the period of natural vibration of an object-when struck. The period is measured by a fixed frequency crystal controlled reference oscillator which provides an accuracy and cent under all operating cond

The operator's role is limited to initiating the signal by strik-ing the component (force of the impact is not important); for quality control application, the rindo-Sonic has been equipped with upper and lower setting limit facilities



to be providing its equipment wholly from UK sources—modems by Pye, colour displays In the meanume, accounts to Mr. H. E. Fitzgibbons, a director both of Hambros and director both of Hambros and Bishopsgate, London EC2. Alphameric Keyboards, Manor from Sony at Bridgend and keydeveloping very rapidly for the terminal design mainly because boards made by Alphameric. The Stock Exchange's chosen

Runs machines efficiently supporting in the United resource accounting, "SARA."

This application package has been used successfully by accounting file data to produce Boeing in the U.S. to improve computer system management. The package is designed for IBM 360 and up. Honeywell GCOS and Univac 1100, and can be used instead of or compli-

SARA provides three methods Kingdom system analysis and of producing reports from the computer's standard accounting file. The first processes raw a standard set of reports plus a comprehensive data base used in subsequent analysis. The second: uses this data base and displays graphically historic data

to show trends and future third is a powerful report writer and available in the UK from not limited. which allows managers to service their individual information requirements based on the computer's accounting data. With the product, the com-

puter manager can judge accurately overall computer utilisation, operational problems and job by job characteristics, which is vital to the efficient management of a data centre and to the assessment of new equipment requirements. The system is available on

perpetual licence at a fraction of the cost of hardware monitors and is backed by the support of Boeing, the company asserts. Boeing Computer Centres, St.

Martin's House, Clarendon Road, Watford, Herts. Watford

PROCESSING BOEING Computer Centres is mentary to hardware monitors. Recovery of

the recovery of silver from the centimetre a credit-card-length fixing baths in photographic piece of tape can accommodate laboratories becomes ever more up to 25 alphanumeric charac-

attractive.

anodes have been designed out and the spent fixing solution from the photoprocessor is kept in motion by means of a pump. Current through the unit can he adjusted up to 10 amperes and the deposition rate is about four grams of metallic silver per hour, per ampere.
The cathode upon which the

moving parts such as rotating

metal collects is a stainless steel cylinder, the anode a carbon rod. The cylinder is easily extracted and the silver scraped off with a plastic spatula.

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EDITED BY CHRISTOPHER LORENZ

THE MANAGEMENT PAGE

Christopher Lorenz meets Victor Kiam, currently repairing the Remington razor empire

The American company doctor who enjoys a close shave

VICTOR KIAM is about to success, as in Kiam's case, is a celebrate the first anniversary business climate which not only

For a man who positively enjoys relaxing at weekends—unlike many other relentlessly hard-working entrepreneurslast November's long wait was particularly uncomfortable.

But it was worth it. Early the following week - appro-priately just before Thanksgiving Day—he discovered that he had secured his prize, the chance to acquire sole ownership of a \$100m business for little over \$25m, virtually all of it someone else's money. The multinational vendor of the business, Sperry Rand, and the American banking system had such faith in him that he achieved all this with only a token investment of his own.

Admittedly, the business in question—the famous Remington electric shaver empire-had peen one of Sperry's problem divisions for a good decade. But this does not mean the multinational was prepared to give it away to the very first bidder who met its target price. Sperry takes an unusually responsible attitude to any business which it divests, and Kiam believes it 'checked him out" extremely thoroughly before it ate post-war standards, attenddecided to prefer his approach to those of several major corporations, and the bids of two three other bank-backed

Behind the story of Kiam's coup — and his subsequent revival of Remington in doublequick time since the formal acquisition this spring—lies a series of themes. Combined, they epitomise some of the main pre-requisites for entrepreneurial success on a grand scale whether in the U.S., Europe or elsewhere.

himself. encouraged by years of working together with like-minded people who "get fun out of president—another business" (Kiam's words), and ing entrepreneurial are wealthy enough to have retired years ago.

has spent 27 fast-talking years to Kiam at Remington, concenin the world's most competitive trating on the development of consumer market, primarily as its marketing thrust. The man an innovative marketing expert. who was President of Inter-But he has also developed a national Latex when they tunga built up and bas extensive financial expertise and contacts.

The second precondition for entrepreneural 13 years later, the company had

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Particularly those with a standard of dress clause in their contract of employment. Clothes leasing is giving their men and women, here and abroad, more clothes confidence. It's cost effective for them, and it can be tax effective for their employers. In fact, clothes leasing is a

of one of the worst weekends of accepts risk, but positively his life: waiting in vain, hour promotes it. For over a decade after anxious hour, to learn Kiam has enjoyed two key whether he had brought off the financial advantages: the biggest coup of a long and personal profits he has been successful business career. able to make in the stock market, and the backing of a group of venture capitalists with funds many times his own small fortune. An even more dramatic illus-

tration of the positive attitude towards industry of the U.S. financial community is the fact that it was actually a commercial bank, Chase Manhattan, which provided the bulk of the finance for Kiam's purchase of Remington through a "leverbuyout" (debt-funded acquisition).

Kiam's pedigree and experience were considerable attractions to Chase. Which is not to say that he has never presided over a failure: in 1975-78, for example, one of his companies suffered badly from cut-throat competition in the digital watch market. It is arguable that he should never have taken it into that market in the first place, but then hundreds of other small busi-nessmen also had their fingers burned by that traumatic experience.

A native of New Orleans. Kiam had an unusually long college education, by immediing in turn the Universities of Yale and Paris, followed by an MBA stint at the Harvard Business School. Like many good Harvard men, he plunged straight into the world of big business, in his case Lever Brothers, part of the Anglo-Dutch Unilever combine.

Potential

For four years he "went down the learning curve" of marketing, as he puts it, progressing rapidly from salesman First and foremost is the up to divisional marketing drive and talent of the entre-director; most of his time was often spent in the cosmetics and toothpaste divisions. In 1955 he followed his marketing vicehard-drivtalent-to who continue striving for International Latex Corporasuccess even if, like Kiam, they tion, better known as Playtex, makers of women's underwear. etired years ago.

Now aged 67, this man—"my
A dapper 52-year-old, Kiam first real boss"—is a consultant importance of product friend and business associate of Kiam ever since. A few years

ago, at the age of 73, he set up an entirely new business. By the time Kiam left Playtex



expanded all over the world. with sales growing more than ten-fold to \$350m. Perceiving its potential early in his time there, Riam invested every-thing he had into its stock, continually reinvesting as the years went by. He is reticent about the size of his eventual windfall, but he admits that he sold at \$120 a share, having initially

bought at \$13. It was his record at Playtex says Kiam, that brought him to the attention of both the headhunters and the venture capitalists, so that when he left he was swamped with offers, including \$30m of finance. Among his claims for his time at Lever and Playtex is to have been the real founder of the "gift with purchase" approach which has now standard marketing become practice throughout the cosmetics world, and in many department stores. At Lever, the gift" was a toothbrush with every tube of Pepsodent, while at Playtex it was a bra with every girdle.

By 1968, when Playtex was swallowed by a conglomerate, Kiam had progressed to the crucial position of vice-president of marketing, "which, after all, is the core of that company." Rather than enter another large corporation, he chose to take effective control of a mediumsized company which was already something of a "risk business," but was later to become one par excellence,

With the help of a group of venture capitalists, and with a the U.S. and China was obvistake of less than 10 per cent ously highly stimulating.

All the same, there is no Benrus, a loss-making family company in urgent need of repair; nine-tenths of its \$30m turnover was in watches.

A pointer to his probable trategy at Remington was his decision to diversify Benrus into a wide range of fields, including ewellery, silver cutlery, and the U.S. franchise for Christian Dior leather goods. During his decade at Benrus, he increased its nonwatch sales tenfold, to \$30m. He also made probably the best and most important friendship of his life, with one of America's leading venture capitalists, "Sandy" Kaplan. "We're almost brothers," says Kiam.

financial job at Ford under Robert Macnamara with a new career in "risk finance." first as controller of Scientific Data Systems and then, after SDS became a key part of the flourishing Xerox Corporation, as senior vice-president of the copier giant, until he reached retirement age. He has assisted in the "nurturing" of several highly successful new ventures, including Intel, the company which was partly spawned by SDS and which invented the microprocessor; it is now one the world's leading semiconductor manufacturers. Such

is the complex chain of corporate and personal relations in the U.S. new venture field. Kiam left Benrus two years ago for a combination of reasons. First was the Board's decision to sell its watch business after the traumas of 1975-76, when Benrus was battered by the U.S. and Japanese giants of the watch and electronics industries, all of them hell-bent on muscling into

the cut-throat new business of

Together with Kiam's inability

digital watches

to persuade Dior to extend the Benrus licence into other product areas, the disposal decision meant that the growth potential of the company as a whole was limited-too limited for a man with Kiam's drive. He preferred to join his wife, a former merchandise co-ordinator at Saks Fifth Avenue, in an entirely different enterprise. This was the "Friendship Collection." a fast-growing im-

porter of jewellery, antiques and artifacts from China that they had founded two years at peak viewing time on before in true entrepreneurial Britain's commercial television style, within months of former President Nixon's historic and barrier-shattering to equally impeccable

With timing-though Kiam insists it was pure chance—they chose last week, while the publicity from Chairman Hua's British visit was still in everyone's minds, to launch the "Friendship Collection" in Europe, at London's Selfridges. Kiam denies he found his

post-Benrus period constrict- limited ing, and that he was actively before searching for a bigger opportunity when he found Remington. Though the Friendship Collection is still less than a tenth the size of the shaver company, the process of developing one of the first of a new type of business relationship between

doubt that his ambition of running a large company was rekindled in July 1979, when he saw an article in the magazine Business Week which suggested that Sperry Rand might be interested in selling Remington. One of Sperry's reasons for

the sale was that the shaver business had become increasingly irrelevant to its overall strategy, yet more and more troublesome to its top management (as had the separate Remington office products operation; this has also been

While shavers provided only

majority of Sperry's prompted by-not in spite ofinterests were in a range of his belief in product quality. capital goods (including computers, defence electronics and products," he argues, agricultural equipment).

been a steadily profitable busi- management. Within days, Kiam ness for Sperry. But for a good had removed about 100 execudecade, they had generally provided problems: losses in most up to \$75,000 a year." he says. Jears, marginal profits in others. In spite of the steady cutback in Sperry tried one approach its size and product range, the after another to combat the company had been "staffed to international competitive thrust the hilt" with all the panoply of of Philips, Schick, Braun (part of the mighty Gillette group) and others. First it expanded the Remington product line into various kitchen and "personal care" appliances. Then it drew back in the face of intense competition in those

Just before it decided to sell the business altogether, Sperry cut its labour force sharply, closing plants in Australia and Canada, and virtually withdrawing from several European markets (though not Britain, where Remington still has a small factory). This time last year Remington employed just under 1,500 people, half the figure of five years before.

Very early in his inquiries about Remington, Kiam made a sidered its main problem to be inadequate marketing, rather than poor product qualitythough its product image had indeed been sliding in the public's mind. Yet many people at also be license sperry had identified engineer other products. ing as its prime shortcoming, and had set to work to rectify it.

Hallowed style

As Kiam quickly discovered for himself-with a valuable second opinion from Kaplan-Remington had for two years had a top-quality modern "foil" shaver for men. "That's what I flipped over," says Kiam, claiming with as much conviction in private as he does in his advertising that "it shaves as close as a blade."

So convinced is he of its merits that he can now be seen putting over the about his "Microscreens, message screen screen" shaver in stylish person, and—in hallowed salesman style-offering customers their money back if they're not satisfied.

Along with this forceful promotion of his premium product has gone the marketing of a more traditional type of shaver priced at only \$20 in the U.S. slightly more in Britain—which Sperry had sold only in very geographic markets before.

Kiam's marketing approach is obviously the classic American one of selling at carefully selected "price points," and not necessarily increasing prices just because one's competitors do so. Over the last few months it has brought dividends, in in all markets, and reviving market shares.

On its own such a strategy could be a recipe for soaring sales and slumping profits. Combined with other, more painful, steps it has actually succeeded in bringing Remington back into profit in less than a year, and in holding down borrow ings well below the projected level. On both counts, of course, Chase is delighted.

Kiam's first step after his formal takeover of Remington in March was to ensure its survival by cutting inventories, new product development, and

The development cutback was

We don't need any new shaver

The axe was In the old days, shavers had immediately in most areas of a large corporation's diversified product line structure, deputies and all, recalls Kiam.

With a total labour force of less than 1,000 Kiam believes Remington will again become a major force to be reckoned with in the shaver business. Needless to say, he has several diversification ideas in mind, partly in order to load his extensive sales force more effectively. But he shows little sign of repeating Sperry's mistake of moving into parts of the electrical appliance industry which are already dominated by the giants of the industry, or are well on the way to becoming so. Instead, he is looking for a

series of non-electrical "niches." One already in mind is a grooming appliance which he thinks crucial discovery. Many experts Philips and Braun would be in the electric shaver trade con-unlikely to sell. Another is to go into products such as ties (a theoretical example) or jewellery, where the Remington name might prove an attractive selling point. The name may also be licensed to makers of

True to form, then, Kiam has a wealth of ideas for diversification. But, just as when he was at Benrus, he will have to keep an extremely watchful eye on his basic business. He may believe he has the world's best shaver, but his competitors are steadily improving their technology, and Braun in particular may pose an additional threat in Europe now that it is widening its scope by moving away from its traditional concentration at the top of the market

To Kiam, the perennial risk being overrun by multinationals is a thoroughly familiar one. Whether or not nationals is Remington shavers are still with us in 15 years time, he himself shows every sign of being able to sustain the nimble flexibility which is so necessary to an entrepreneur's survival. Given his track record as a turnaround specialist, it would be surprising if Remington were the last company ever to receive his imprint.

A Stateside lesson in bold banking

"Leveraged buyouts" bave become increasingly common in the United States over the past two years, as a way for entrepreneurs to fund takeovers by the raising of debt, rather than equity: for Victor Kiam's purchase of Reming-ton, it was Chase Manhattan which acted as "backer."

This practice has not yet caught on in the far more cautious European banking world. But there is growing evidence that some Europe's commercial and universal banks are beginning to examine how they, too, can develop new ways of financing small and medium-sized firms, particularly "risk" ventures

Such a step may seem unnecessarily bold to the archconservatives. But it has to be taken if banks are to capitalise on a potentially lucrative market by giving more entrepreneurs the chance to prove their worth—thereby benefiting the national economy in general and the labour market in particular.

Why did he not seek the support of all the venture capitalists be has come to know over the years? For one thing, the task of assembling \$25m from them would have been laborious in the extreme. since venture capitalists seldom hold much more than \$1m a time in any one investment.

They also tend to demand substantial slice of the equity, as they did when Kiam bought into Benrus in 1968. This time, he thought he would be able to fund much of the acquisition through debt, and still end up with between a quarter and half the equity without himself putting up more than a few hundred thousand dollars, In the event, he exceeded even these ambitious expectations.

With the helping hand of Chemical Bank, he rapidly constructed a mixed package of finance from several sources. By the decisive weekend a year ago, Kiam had secured sufficient backing to give him total ownership-provided Sperry itself would help finance the deal in some

This the company did b giving him a 15-year mortgagetype loan on Remington's properties and by financial the non-U.S. querations for another year. By next Merch, a year after the agreement took full exect. Spurry will have been poid \$15m of the 825m purchase price, says

It was only after he knett he had wen the race that Kiam discovered that Chase Manhattan's Commercial Finance Division world be prepared to bring down the everall cost of the deal by replacing that part of the package he had con-structed from sources other than Sperry. In exchange for a credit line totalling \$18.56t. the bank has charged him interest at 3.5 per cent above the U.S. Prime Rate. Froft his point of view this was to relatively good rate; in other such cases it has been as nigh as 5 per cent.

Chase's collateral includes various charges on receivables and stocks, though not fixed assets in view of Sperry's part of the arangement. Remington has to report morthly to Chase, which could reduce its financing if Remington failed to meet agreed forecasts. The entire agreement is an annual

"So if you botch it, you're pretty much at the bank's mercy," reflects Kiam abent this sort of deal. One cour. theoretically try to raise money elsewhere if the bank cut buck the finance or choked it off entirely, but other potential investors would obviously be reluctuat to get involved in such a case. If, on the other hand, as in

the case of Kiam and Remington, you prove more success ful than expected, the bank gets nothing extra to reward its investment that repasment of its money when you switch to a new, and less onercus, system of financing. Such a deal would hardly capitalist, nor one might add. most European banks st

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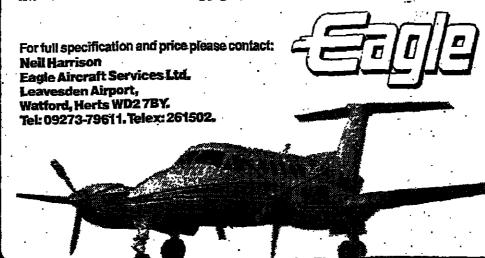
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Monetarism and Mrs. Thatcher

BY PETER RIDDELL

tendency, not least among have pointed out the result has Ministers, to say that the cuts been a "credit-hungry inflain taxation and public spending tionary psychology." and the freeing of exchange controls must be allowed time to work through. Consequently everyone should sit back for a. year or so, recognising that the ride may be bumpy. But the latest crisis of confidence suggests that the earlier measures were not sufficient and hence the ride may be even bumpier.

Mrs. Thatcher. Interest rates have often been the economic issue about which Prime Mini-sters of both parties have been most touchy, and Mrs. Thatcher is no exception. In June she had major reservations about the two point rise in Minimum Lending Rate to 14 per cent announced in the Budget and she had to be persuaded of its necessity by the Governor of the Bank. But now the Prime Minister and her colleagues must again face the reality that monetarism is not painless.

Much deeper

It would be easy to blame the latest crisis on just one month's erratically bad money supply figures. There are certainly figures. There are certainly grounds for hoping that the November figures should be better as Value Added Tax payments flow in at the higher rate. But the problems are much deeper than this and started earlier. After allowing for all the distortions, both plus and minus, it is clear that the underlying rate of monetary lems are domestic. expansion has been between three to six points higher than the upper end, let alone the mid-point, of the official 7 to 11 iper cent target range.

The Government reckoned it would be the second half of the financial year before its tax and spending measures reduced public sector borrowing and before higher interest rates and a slower rate of output growth reduced bank sterling was floated in October, lending to the private sector. 1977—that "one of the lessons This always looked to be a tight timetable and it is now clear my job is that there are fairly that the Government was taking strict limits within which it is too many risks on the fiscal side, indeed public borrowing pressures."

THE CONSERVATIVES econo- may be higher than the official mic experiment has run into £8.3bn ceiling. But the real problems much more rapidly problem has been bank lending than anyone can have expected. which has remained remarkably Until now there has been a buoyant. As brokers L. Messe

In these circumstances higher nominal interest rates are clearly desirable. There will no doubt be many headlines and complaints later this week about the horrors of record interest rates. But it would be more honest to talk about the penalties on savers being eased and This is a particular test for being cut. Even after the maximum likely rise in the mortgage rate borrowers will still be paying two to three points less than the inflation rate.

A rise in nominal interest rates will obviously cause a political storm but all it does is to reduce the subsidy to young borrowers from old savers and should be recognised as such. Anyone concerned about high interest rates should look at the Continent where the real cost of borrowing is nearly 8 per cent in Belgium and even 14 per cent in West Germany.

It would be an encouraging indication of the Government's willingness to face up to the implications of its monetarist commitments if it openly admitted these points. There is an inevitable political desire to shift the blame elsewhere as Sir Geoffrey Howe appeared to be doing in the Commons last week. During non-committal answers which did nothing to remove the belief that a rise in MLR is on the way, he specifically highlighted the sharp rise in U.S. rates. But the real prob-

About the only person who can view all this with any comfort is Mr. Denis Healey who regularly went through similar financial crises. But the Conservatives should not forget that an incompatibility between fiscal and monetary policy was the real cause of these crises. After this week they will also have good reason to remember Mr. Healey's remark—just before learned by all people who hold possible to withstand market

How not to train for management

films were released no more than ten years ago one, from AB Pathe, Monagement by Objectives, and the other, jointly. from the Financial Times and Rank, Talkback, a study in communication still in regular use.

Shortly before then Rank had started to make the first British sales training films, putting an end to the absurd situation which had obliged British managers and salesmen to rely on American films for their training: Over this rather hectic decade the market for training films has become huge, with a few—such as Rank's Who Killed the Sale?—grossing revenue well in excess of £4m and even turning the tables by earning some of this revenue in North

films has been their creative ciencies excellence and their enjoyable methods. style. American films had been characterised by a mix of erudi-tion and rectitude, delivered like a class-room lecture. Rank, and later Video Arts, showed that British training films could be enjoyable —putting people like John Cleese and Richard Briers into absurd situations that made their points pungently and persuasively and encouraged the audience to

Ten years on, the British train accompanies the film, and it is memory because it is a brilliant. This is not to say that the ing film is in danger of looking these essential documents— cinematic metaphor, developed film is poorly made or uncon-

come back for more.

THE FIRST commercially-made a tired and degenerate species, standard issue with all new from a quintessential analysis vincing in its portrayal of the Needs Training?, Summarises British management training Increasingly, it is being made training films—which unwit- of the problem.

The problem of the Needs Training?, Summarises the problem of the problem of the problem. to a formula, which goes something like this: find a management problem, reduce it to a number of simplistic principles capable of check-list analysis, graft this on to a story line set in an office or factory where at least one person is behaving

badly and another dispense wisdom and understanding like Brownie points, and finally cast into the roles a few well-known stars from television-preferably at least one who is enjoying a fashionable following.

Thus in Rank's latest, The Pursuit of Efficiency, we have Penelope Keith, in the manner, born doing her elegant stuff as the plain thinker and straight talker. -In this film she goes American markets.

One essential factor behind of an improbable tea lady—
the success of British training pointing out the obvious inefficiencies of both employees and

> It is difficult not to find some pleasure from the film because of Penelope Keith's charm. But the situations are not really very furny, the struc-ture of the film hardly compelling, and the training principles barely a revelation ("people tend not to question established practices; they even defend them, because they are used to them"),

training films—which unwit of the problem.

The problem of the latest releases reading the "menu" card after ing the relevance of manage.

British training films have see from Management The problem of the latest releases reading the "menu" card after ing the relevance of management training films have see from Management The problem of the latest releases reading the "menu" card after ing the relevance of management training to real stemment training to real stemment training to real stemment. British training films have suc from Management Training ceded by a briliant blend or continues the trend towards entertainment and enlightment, the tired and the predictable but as the commercial need to The Office Supervisor contains justify the relevance of enter- all the elements of the formula: tainment to training has in the problem of supervising

creased, so the Leaders' Guides office staff, the reduction of the

FILM AND VIDEO

BY JOHN CHITTOCK

element in the film package. Perhaps, in consequence, the training element in the actual films has been under pressure to become more amenable to the production of teaching less concerned with notes. creative talent.

Yet in the best of British classics it was the film-maker's use of creative genius, applied training problems, which often yielded unique new ways of understanding the issues. I still remember after many years the Rank film Selling Benefits, in which a salesman gets the point about customer need when offering a drowning man everything but the vital ning to look a long way away.

The last quote is to be found length of rope that will haul him ashore. It sticks in the rope ing film is in danger of localizations.

essential problems to a check list, a story line for the training points (in this case a very weak one-new girl takes over as supervisor), and Mirlam Karlin as the wellknown TV face. The training points are very

valid, and lest anyone forgets them after seeing the film there is a plastic "menu" card is a plastic "menu" card accompanying the film (using culinary metaphors that are more likely to raise a groan than a smile). If one looks to the film for entertainment, there is none. Miriam Karlin is cast in a straight role as an ex-supervisor dispensing the wisdom and the understanding; the human tensions and comedy of a real office are missing, and the film becomes an empty vehicle for transporting the check-list of training points.

wards will certainly relate some ment training to real situations of the points to sequences in at work the film. But this is hardly the synergy of words and the temperature in any pictures that caused Lenin to cinemas when shown, but it the synergy of words and hail film as the great art form to be used in building the Soviet Union-and helped the British to inspire the Dunkirk spirit during the last war.

new training film, Discord. Jointly sponsored by the Indusdoinity sponsored by the many trial Relations Training Resource Centre and Rank, this generally avoids using the training film formula; the patterning film formula; the patterning film formula; the patterning film formula; the patterning film formula; surfictional account of events surrounding a work stoppage at an airline company, and it more sensibly becomes a catalyst for use in group discussion later. Nonetheless, it has none of the trenchant tension or emotional insight of another British training classic—Dispute. This was, and still is, a gripping and intelligent analysis of the subtle elements that lead inexorably to an industrial

The most convincing attempt at the dramatised training film in recent times comes, unexpectedly, from Ireland. Sponsored by the Allied Irish Banks and AnCo (the Industrial Training Authority in Ireland), over the last few years. But it this follows four managers who has become mesmerised by its report for a course at a training own success and weakened by

It is hardly going to raise does come closer to reality than many current training films perhaps because it was made well clear of the sophisticated influences of in-breeding now The subjects are there to be prevalent in the UK. It is tackled, exemplified in another available in England imough Training Films International

A return to documentary reality might halt the decline which I suspect is dulling the senses of so many training audiences. Stylised reality has become such a nasty habit in recent films that the connection with human beings is in danger of getting lost.

Television documentary to peatedly demonstrates how it is possible to galvanise the nation with genuine examina. tions of vital social issues. But because training is not an issue that preoccupies the public mind, it is never likely to be tackled by television except in tackled by unevision except in further education slots. For quality we are left with the synthesised view, highly polished and neatly packaged for commercial sale. The training film industry can do better as it has proved many times centre. Its title, So . . . Who a decade of in-breeding.

Morley's strong double chance

DAVID MORLEY, joint top trainer at Nottingham with Harry Thomson Jones over the in April. past four seasons—the pair have landed 11 winners each-fields a similar, though less competitive. strong team on the Midlands course this afternoon.

The 40-year-old Bury St to have made more than average Edmunds trainer looks to have improvement over the close bright prospects of a double

RACING

BY DOMINIC WIGAN

with French Saint and Valmony. The first from this pair to take the field is that smart five-yearold French Saint, the winner of his last two races in the 78-79

Song gelding, who takes on only four opponents in the Bingham Handicap Chase over two miles. probably put up his best per-formance last season when beat-

in a novice chase at Huntingdon, The odds-on winner of a

event on the same course later in April, French Saint is thought season. If this is the case, the tough bay can return with a

Redbin, conceding 12 lbs to his considerably younger Bury Si Edmunds rival, has already won three times at Nottingham. He looks the one for forecast purposes.

Although Valmony, a one-time top flight juvenile hurdler, proved a bitter disappointment last season, finishing second on Lady Sarah Keswick's Saintly all his completed outlags, his one recent effort suggests he may return with a new lease of

The seven-year-old, a winner over hurdles at Nottingham

10.15 The Mike Harding Show 10.45 Floodlit Rugby League

11.15 Late News 11.30 The Old Grey Whistle

LONDON .

9.30 am Schools Programmes.

12.10 pm Stepping

12.00 Simon in the Land of Chalk

Drawings. 12.10 pm Stepping Stones, 12.30 Emmerdale Farm.

1.00 News, plus FT Index. 1.20

Thames News. 1.30 About Britain. 2.00 After Noon Plus.

2.45 Love Boat. 3.45 George's

Fame and Company. 4.15 Under The Same Sun. 445 Magpie. 5.15

Monty's London.

6.00 Thames News

7.00 Sapphire and Steel

8.30 George and Mildred

10.30 Tuesday Star Movie: "Crash"

12.20 am Close: Personal Choice

with Sydney Tafler.

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except at the following times:-

ANGLIA

6.35 Crossroads

7.30 Star Games

9.00 Documentary

5.45 News

6.25 Help!

10.00 News

9.25 Man Alive

ing Grand Trianon by 10 lengths three years ago, will have fewer easy chances this season than in the Mansfield Novices 'Chase. However, it would not surprise me if Mister Buck, from David Nicholson's stable,

did not give him plenty to do. Last time out Mister Buck put in a particularly gritty performance at Plumpton, scoring after Valmony had thrown the race away.

NOTTINGHAM 1.15—Royal Wine 1.45—Fata Morgana 2.15—French Saint***

2,45-Valmony 3.15-Swift Scott 3.45—Haighall LUDLOW

1.00-Bonie de Lyon 1.30—Fancy Fellow** 2.30—Professor Plum

3.30-Lord John⁹ GRANADA 1.20 pm Granada Reports. 2.45 Family. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports.

6.30 Cabbages and Kings. HIV

1.20 pm Report West Headlines. 1.25 Report Weles Headlines. 2.45 Family. 3.45 The Entertainers. 5.15 Megilla Gorille. 5.20 Crossroads. 6.00 Report West. 6.15 Report Weles. 6.30 Georgie Ferne and Company HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Panawdau Newyddion Y Dydd. 4.15-4.45 Goglis. 8.00-6.15 Y Dydd. 10.30 Dim Ond Heddiw. 11.30-12.00 Country Comes

HTV Wast—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and eather. 2.45 The Electric Theatre Vestiner. 245 Ine Electric Treatre Show. 3.15 Cabbages and Kings. 5.10 Tales of Crime—Bill Knox. 5.20 Cross-roads. 6.00 Scotland Today. 6.30 What's Your Problem. 12.20 am Lete Call.

SOUTHERN 1.20 pm Southern News. 2.45 London Belongs To Me. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 12.15 am Southern News

TYNE TEES 9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 Mr. and Mrs. 6.00 Northern Life. 12.20 am Epilogue.

ULSTER

12.27 pm Gus Honeybun's Birthdays
1.26 Westward News Headlines. 5.15
Sem. 6.00 Westward Diary. 10.25
Westward Late News. 12.15 am Faith
for Life. 12.20 West Country, Weather,
Shipping Forecast.

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10 TISHOO

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SEC 1 & 2 SHAPTESBURY AVE. SS SEE1. Sep: Peris. ALL STATE BRBLE 1: THE PRISCO KID (A). WK. 2005 SPE 2.00. 5.00, 8.00. Tomorrow 2.00 Peris

CINEMAS:

BBC 1

†Indicates programme in

black and white 9.35 am For Schools, Colleges. • 10.45 Mainstream 2.45 pm News. 1.00 Pebble Mill at One. 1.45 Bagpuss. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pawb Yn Ei Fro. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel, 4.25 Jacka pory. 4.40 Buford Files and Dinky Dog. 5.00 John Craven's Newsround. 5.10 The Record

6.20 Nationwide

East only)

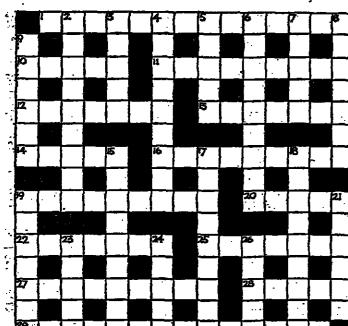
9.25 Play for Today

11.17 Question Time with

All Regions as BBC-1 except at the following times:--12.45 pm The Scottish News. 5.55-

Breakers. 5.55 Nationwide (London and

6.20 Reporting Scotland. 7.00-7.30 On the Green. 10.45 Current F.T. CROSSWORD PUZZLE No. 4,124



ACROSS

1 Uniform carrier for a cornet? 10 Compel payment of former II Wherewith the sniper takes aim with prevision (9)

consecutive letters (7) 14 Pry around a ring for the 18 Fee paid for confession? (9) 16 One who attacks as saint embraces the French (9)

20 I'm to appear in literature briefly and it's the end (5) 24 Material dug up (5) 22 Linseed mixture stored in a 26 It's right above to pit (7) 25 Fish also changed in shady

damage (9)

cover (7)

27 Tradesman to appoint to a post with hesitation (9) 28 Give utterance to nought in sin (5) 29 Fight in front of arena could be a token of future union

(10-4)DOWN 2 Convey in ecstasy (9) 3 Observer involved in casino terror (5)

4 A fat life I may provide for

-5 Type of architecture in Finland or Iceland (5)

associate (9)

6 Something nece stituting a perfume (9). 7 Rascal will show sorrow at letting in own goal initially 8 Retire to secluded place (7)

register (9) 13 Acknowledge once in three 17 Fight over club waste material (5-4)

19 Clothes external sign of 21 Sneak in a bank (6) jargon (5) 26 It's right above the wan-

derer (5)

Solution to Puzzle No. 4,123 O V A W M E

IGAVMST CABBAGE

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MAVMSTREET ROSE

O W M G L

HAWAY PASTOROU ALLINGER CABLE ORAPETICSEAT
ORAPETICSEAT
STRAITS SIGMEMT
OF ORAPETICS
EXECUTO SEAMOS

9 Stitch article for sailor (6) 13 Cold wind, light fog and 15 Record fish being entered in soldiers left (7) register (9)

19 Superintend stanza in Old English primaries (7) 23 Poetised about learner in

7.30 Look Back and Laugh

11.15 News Headlines

Sectiond-10.38-10.58 am and

Account. 11.15 Can Sec. 11.50 Write Away. 12.05 am Main-stream. 12.35 News and Weather for Scotland.

Clement Freud, MP. Ann Leslie, David Owen, MP, Lord Thorneycroft

12.10 am Weather and Regional 11.38-11.58 For Schools. 12.40-

7.00 Heddiw. 7.15 Pobol Y Cwm. 7.45-8.30 Rising Stars, 12.10 am

News and Weather for Wales. Northern Ireland — 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 7.09-7.30 Green Rock. 12.10 am Weather. 12.12 Festival Notebook from Belfast. 12,32 News and Weather for Northern Ireland.

England-5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle): Midlands Today (Birmingham);

BBC 2

11.40 A Child's Place 2.30 pm The Engineers 3.00 Whistle Blowers

4.30 Working for Safety †5.35 Flash Gordon's Trip to Mars 5.55 Grange Hill 6.15 The Waltons 7.05 Mid-Evening News

9.00 Not the Nine O'Clock

(s) Stereophonic broadcast

3 Madium wave
5,00 am As Radio 2. 6,00 Dave Les
Travis. 9,00 Simon Bates. -11.31 Pant
Burnett. 2:00 pm Andy Peebles. 4.31
Kld Jensen. 7.00 Personal Cell. 8,00
Mike Read. 8,50 Newsbeat. 19,00 John
Peel (s). 12,00-5,00 am As Radio 2.

RADIO 2
5.00 am News Summary. 5.03 Tony
Brandon (s), 7.32 Tarry Wogan (s).
10.03 Jimmy Young (s). 12.15 pm
Waggoners' Walk. 12.30 Pefa Murray's
Open House (s). 2.15 David Haminon
(s), 4.15 Much More Music (s). 5.00
News. 5.05 Waggoners' Walk. 5.20
John Dunn (s). 8.45 Sports Desk.
7.02 Brian Fahey and the BBC Scottish
Radio Orchestre (a). 7.30 Folk 79 (s).
8.02 Tuesday Night Is Gale Night (s).
8.02 Mex Jaffs with Music for Your
Pleasure (s). 9.55 Sports Desk. 10.02
Laughter in The Air. 11.02 Sports
Desk. 11.06 Brian Matthew with
Round Midnight, including 12.00 News
and 12.02 am Sports Desg. 2.02-5.00
You and the Night and the Music with
Jan Leaming (s).

Overture Concert, part 1 (s). 8.00 News, 8.05 Concert, part 2. 9.00 News, 9.05 This Week's Composer; Ramaau (s), 10.00 Northern Univer-

Radio Wavelengths

4 200kHz/1500m 2 92,95vhf

7.15 Testament of Youth 8.10 Chronicle

693kHz/433m 2 909kHz/330m 2 & 88-91vhf styreo

RADIO 1

RADIO 2

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 5.15 Sam. 6.00 Report At Six. 10.28 Channel Late News. 12.15 am Com-GRAMPIAN

YORKSHIRE 9.20 am First Thing, 1.20 pm Gramplan News Headlines. 2.45 Young Ramsay, 5.15 Survival 5.00 Gramplan Today, 5.05 Country Focus, 12.15 am Reflections, 12.20 Grampian Late Night 1.20 pm Calendar News. 2.45
Cabbages and Kings. 3.15 Calendar
Tuesday. 5.15 The Squirrels. 6.00
Calendar (Emley Moor and Belmont
editions). 22.15 sm The Human Face
of China.

> SIGU RACHO LUNION
>
> 5.00 am As Radio 2. 6.30 Rush
> Hour. 10,03 The Robbie Vincent Telephone Programme. 1.03 pm London
> Live. 3.03 Showcaso. 4.30 London
> News Deak. 5.35 Look. Stop. Listen,
> 7.03 Black Londoners. 8.00 Question
> Time. 9.005.00 am Join Radio 2. London Broadcasting

the Day, 7.00, 8.00 Today's News, 7.30, 8.30 Naws headlines, 7.45 Thought for the Day. 8.35 Yesterday In Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain New. 10.30 Dally Service. 10.46 Prester John. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Towards 2000. 12.00

Naws. 12.02 pm You and Yours. 12.20 Down Your Wey. 12.55 Weather: programme news. 1.00 The World At One. 7.40 The Archers. 7.55 Shepping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listan With Mother. 3.15 The Moonstone (s). 4.10 Bookshell. 4.40 Preview. 4.45 Short Story. 5.00 PM News magezine. 5.50 Shipping forecast. 5.55 Weather: programme news. 5.00 News. 6.30 Many A Slip (s). 7.00 News. 7.05 The Archers. 7.20 We Con't Go On Matting Like This. 8.05 in Touch (for the blind). 8.30 The Magic Of Music (s). 9.16 Kingdoms in the Sun. 9.30 Kalsidoscope. 8.59 Weather. 10.00 The World Tonight. 10.30 The Horn-blower Story (s). 11.00 A Book At Bedtime. 71.15 The Finencial World Tonight. 11.30 Today in Parliament. 12.00 News. BBC Radio London

London Broadcasung
5.00 am AN with Bob Holmess and
Doug Cameron. 10.00 The Brien Hayes
Show. 1.00 pm LBC Reports. 3.00
George Gale's 3 O'clock Call. 4.00 LBC
Reports. 8.00 After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight.
1.00 am Night Extrs. 4.00 The London
File, 5.00 Morning Music.

File, 5.90 Morning Music,
Capital Radio
6.00 am Graham Dene's Breakfast
Show (s), 9.00 Michael Aspal (s),
12.00 Dave Cash (s), 3.00 pm Roger
Scott (s), 7.00 London Tedey (s),
7.30 Adrian Love's Open Line (s),
9.00 Nicky Home's Your Mether
Wouldn't Like it (s), 11.00 Tony
Myatt's Lats Show (s), 2.00 am
Duncan Johnson's Night Filight (s),

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MOVING AND COLOURFUL SHOW."
"WILE BE DELIGHTING LONDON FOR
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CHICAGO
"ALL RAZZIE DAZZIE." S. NEWS.
"WIT AND STYLE." DAITY EXPISSA.
"IN LONDON TODAY." S. Telegraph.
IN LONDON TODAY." S. Telegraph.
IN LONDON TODAY." S. Telegraph.
"A SUPERB EVENINGS"
ENTERTAINMENT." SUMBAY EXPISSA.
"A THOUSAND WELCOMES. IT."
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WONDERFUL PLAY WITH

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SUPPRESS TABLES ORBING FIELD OF

ENTERSONMENT," The \$500.

5-00. 8-10.
CLASSIC 1. 2. 3 Haymarker (Piczelly Gross Tube).
11 Pater O'Ionic Zulest Dawn (A) in Doubt States (Piczelly Dawn (A) in Doubt States (A) in Doubt Sta

7.06 Rolf Harris's Cartoon Time (London and South 7.30 Look Back and Laugh
8.30 Kiss the Girls and Make
Them Cry

Wales — 10.38-10.58 am I
Ysgolion. 4.45-5.90 Ci O'r Enw
Samson. 5.55-6.20 Wales Today.

Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth), 7.00-7.30 East (Norwich) Past Positive: Midlands (Birmingham) Flavour of the Midlands; North (Leeds) Hometown visits Bingley, West Yorkshire; North East (Newcastle) What's Cooking?; North West (Manchester)

10.05 am Business World 11.00 Play School 11.25 Write Away

3.30 The Living City 4.00 Working with People

Deawn; South (Southampton) Pure Invention; South West (Plymouth) The Music Quiz; West (Bristol) Day Out.

1.25 pm Anglia News. \$.15 Survival. O About Anglia. 12.15 am

BORDER
1.20 pm Border News. 5.15 The Squirrets. 6.00 Lookaround Tuesday. 12.15 am Border News Summary.

1.20 pm Lunchtime. 2.45 Young Ramsay. 4.13 Ulster News Headlines. 5.15 Cartnon. 5.20 Crossroads. 6.00 Good Evening Ulster. 12.15 am Beddings.

CHANNEL

BBC Radio London: 1458kHz 206m & 94_9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vls

sity Concert, part 1 (s). 10.50 Interval
Reading. 10.55 Concert, part 2. 11.45
Dame Edith Sitwell concert (s). 12.10
pm BBC Welsh Symphony Orchestra
concert, part 1 (s). 1.00 News. 1.05.
Six Continents. 1.20 BBC Welsh SO.,
part 2 (s). 2.05 The Polignac Salon
(s). 2.55 Youth Orchestras of the
World, part 1 (s). 3.35 In Short.
(talk). 3.45 Youth Orchestras of the
World, part 2 (s). 4.55 Jazz Today
(s). 5.25 Homeward Bound (s)
including 5.45-5.50 News. 6.15 At
Home (s). 7.10 Richard Burton reads
poetry on records (s). 7.20 BBC
Manchester Master Concert, part 1:
Ravel, Szymanowski (s). 8.15 Utopia
and Reality (talk by Dr. Wilfried van
der Will). 8.35 BBC Monchester
Master Concert, part 2: Lutoslawski,
Debussy (s). 3.30 Poetry Cembridge.
10.30 Busoni piano recitel (s). 10.50
The Beacham Legacy (s). 11.55-12.00
News.

6.00 am News Briefing, 6.10 Parming Todey. 6.25 Shipping forecast. 6.30 Today including 8.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30,

WESTWARD

BBC Radio London

MOD.-Sat. 9.00, Mark. Fri. and Sat. 6.30.
THE ROCKY MORROR SHOW
CRITTERION. 930 3216, CC bkgs 379 6565
Eves. 8.00, Sat. 5.30 and 8.30. Thurs.
mat. 3.00, Early Berl. Ton't. at 7.00
mat. 9.00, Early Berl. Susan
HALE MONTAGUE
GEORGINA BRIDGET
LAST OF THE RED-HOY
LAST OF THE RED-HOY
LOVEL CC. S. 01-836 8108.
Ers. 8. Mals. Wed. 3. Sat. 5.45. 8.45.
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JS - 3.545. 8.45.
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"Eurly and MELLO DOLLY
"Bally Mail.
"A DREAM COME TRUE." F. Times.
"Bally and refelligant." F. Times.
"Ballo DOULY Daily Mail.
GROUP BOOKINGS 01-734 2293.

News. 10.09 ... 10.45 rps. Dally Service. 10.45 rps. 17.00 News. 17.05 Thir Theatre. 11.35 Towards 20/

Architecture

The American Renaissance

by COLIN AMERY

Museum is holding a full-scale exhibition entitled The American Renaissance 1876-1917, which shows how Americans identified themselves as the heirs of the European Renaisnears of the European Renais-sance tradition in the late 19th and early 20th centuries. It is a show of the largely conservaa show of the largely conserva-tive European-based art and architecture that had an overwhelming impact in its day. At the same time as Frank Lloyd Wright was building his low, long Prairie houses, McKim, Mead and White were building their Renaissance palaces for the rich of New York and the Eastern seaboard.

demy was founded in Rome not only a fragment of what should simply to learn from the past have been built, but it stands but to demonstrate, by the pre- today as a noble gesture of

New Yorkers who live in Man-hattan and never go to Brooklyn how intensely nationalistic the of Architectural History at the are missing something. Not American Renaissance was — a only is Brooklyn full of marvelunfold from coast to coast. In lous architecture but it also has a first-rate museum. Until Determined the streets, parks, squares and malls of American monuments and buildings in the "eternal" style were to proclaim the virtues of the new civilisation.

Not far from the Brooklyn Museum is a perfect example of the kind of American grandeur Arch in Grand Army Plaza, Brooklyn, is America's own Roman triumph. This quality of nationalistic but classical fervour is best seen in Washington, or on the Benjamin Frank-lin Parkway in Philadelphia, and particularly on the great stair-case of the Library of Congress. As the American robber

The term "American Renaissance" concerned the conscious identification of American artists and architects, as well as financiers and industrialists, 1917 the Vanderbilt family built financiers and industrialists, 1917 the Vanderbilt family built a grand parkway with with the ideals of the Italian 17 large houses; several of them maquettes of statuary. The work Renaissance. But there was to costing more than \$1m, and one, be no slavish copying of the past because the Renaissance Carolina, \$5m. Wealth was extent of the influence of rich was to be the source of a allied to a spirit of noblesse national American art. The oblige and the period saw the and McKim, Mead and White Senate Parks Commission that beginnings of many of emerge as the public architects produced the 1901-1902 plan for America's cultural institutions.

Washington DC predicted the The hordes of Old Masters that the Renaissance ideas to the city future of government architec crossed the Atlantic were looted ture: "It is the general opinion to add to the vision of a country that for monumental work that equalled or excelled the Greece and Rome furnish the old world in artistic property.

period was conceived

University of Virginia, and Dianne Pilgrim, Curator of Decorative Arts at the Brooklyn Museum. They are to be congratulated on their controlled gratulated on their controlled the space of little over a week at George Percy's refined and serious approach to this we have been cheered by the been easy to see the whole been easy to see the whole episode as a gross example of mitted in the interest of controlled the space of little over a week at George Percy's refined and understated abstractions is more than overdue. (Until the end of the month.)

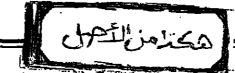
In Cork Street. Nicola Jacobs extravagant imperialism. By a temporary British Art, and we highly disciplined selection of can only wish them every highly disciplined selection of exhibits from the fields of architecture, painting, sculpture and decorative arts, organisers make it possible for visitors to form a clear picture of the style of the period.

Unlike the Thirties Exhibition at the Hayward Gallery in London, where the approach has been kaleidoscopic, in Brooklyn discrimination is the order of the day. The catalogue informs and provides valuable back-

of Richard Morris Hunt in Newprivate patrons on architects

Why the interest in this kind of architecture at the moment? Many American architects are styles of architecture best adapted to serve the manifold wants of today, not only as to beauty and dignity, but also as sical styles, the American Academy was founded in Rome not only a frament of what should ignored for far too long.

The Brooklyn Museum is easy to reach by subway from Mansence of the New World at the Brooklyn's cultural indepen- hattan but it is worth checking heart of the old, that America dence from Manhattan. The the opening times as the planned to rival all that had idea of a show to examine the museum is closed on Mondays by and Tuesdays.



AIR and Rowan Galleries

rosses These are undoubtedly dif- this show is quiet, it is not unficult times, hardly enjoying the interesting; and, though Mario

The re-appearance of the AIR

Gallery, newly set up in a splendid converted warehouse at the bottom of Rosebery Avenue, is especially welcome, for we had thought it lost, stuck fast on the shoals of expiring leases and soaring rents. It was indeed a considerable loss, for it had done extremely well course, remains to be proved, under Moyra Kelly's energetic and we shall follow ber course direction, its policies generous with close attention. She is and imaginative, its exhibitions never less than interesting. It is too early to tell what line Robert McPherson, the new captain will take but the new captain t tain, will take, but there is no to state unequivocally just how reason to suppose that he will much the art world depends be any less forceful and broad-upon private enterprise. That of minded. His record in Chester, the artists themselves, of course,

gallery world. honours the gallery's previous commitments, a double-header that shows off the potential of of affairs, putting the interests the spaces at his disposal rather of its own artists first, naturally than causes any great excite-enough, but also exerting much ment, or points to any future wider an influence through the policy. Certainly he should help and encouragement it offers artists that is bound to form up active advice or mere attention. at this door, for with two floors

Festival Hall

full of orchestral so

and there Nona Liddell and her

best of economic weather, one Dubsky's melodramatic figure might well have thought, in drawings and larger symbolic which to launch oneself upon essays must be honoured more the ever-treacherous waters of for the attempt than the the art market; and yet within achievement, a long public look

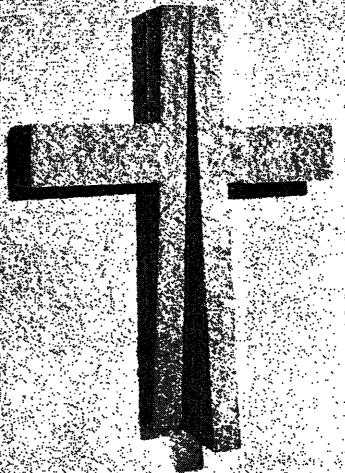
is a true debutante, her gallery opening its doors today for the Her stable of artists looks as good as it is interesting, from the young and comparatively untried, such as Jon Groom, to such established under-fêted painters as John MacLean, John Carter and Michael Whishaw. Her judgment seems sound but, of course, remains to be proved, with close attention. She is committed to a kind of English

where the excellent Arts goes without saying; but without Centre for which he worked con-fronts a philistine and miserly their narrowness, their timidity their narrowness, their timidity local authority, and an indif- and their greed, and yet who ferent public, suggests that he sustain the true professional will be an asset to the London metier in which artists must work, there would be no art The inaugural show, however, world at all. Over nearly 20 years, for example, the Rowan Gallery has stood at the centre have the pick of the queue of to so many artists, whether by

The gallery has had a good now, and a third later, he has year with a run of notable articulation of a given formal a great deal to offer. But if exhibitions, and the latest of idea or process. But for some

Stravinsky Festival

by DAVID MURRAY



'One hundred and fourteenth cross' by Keith Milow

them is as special as any. years past he has been making Keith Milow is an artist of a crosses, relief sculptures the highly particular, some might say even precious sensibility, his work concerned with the refined

idea of which, though it might have seemed clear enough to him at the outset, has evidently surprised him, and by degrees engrossed him in its formal variety and the complexity and density of its associations: and these ambiguous qualities are precisely what give the work its strength.
The cross itself is so funda-

mental to our culture, so potent a sign, that it has become all but impossible to use removed from its religious circumstance. And it was indeed this test which Milow first set himself. He has by no means achieved the near-impossible, but the nature of his failure drew him, as it draws us, deeper into the work. His practice has been to take the cross apart and then uent elements. In the earlier 80th birthday.

phases this was done by imposing certain physical sequences of proportion, breaking up the surface and taking it forward or back in logical and often quite dramatic steps. He did make one integral cross, a statement of the whole that he was manipulating so obsessively. and now, in this most recent series, though he has left the earlier smoothness of the cement surface for much more rough-cast a record of the original wooden structure, be simplicity, doing but one thing at a time. The crosses are split along either the vertical or horizontal axis, with one half remaining true to the wall, the other swinging gently out or in. They are a light, warm grey in

Hanging alone or in threes. they give off an inescapable religious resonance, and it would seem that, though Milow does not intend as much consciously. be is prepared to accept that this must happen. The balance is more nicely held, between form and content, when the numbers carry less obvious connotations: but to see them at all, hanging so profoundly quiet in this immaculate gallery. is oddly disturbing. Our cultural memories are longer than

we might think.
One thing has led to another, and Milow varies this show with two reliefs based upon the Cenotaph, though its public showing in Armistice week is purely fortuitous. The memorial is reduced to a formal device by two ploys, being sliced in half and the base swung up to the wall. One piece is half only, the other a pair, like a pair of terminals, pointing to each other across a highly charged interval. Again, though we can set aside for the moment what it is from which this object is derived, we cannot, nor I think are we intended to, forget. (Until December 13.)

David Higham prize

John Harvey has been awarded the 1979 David Higham Prize for fiction for his first novel The Plate Shop (Collins. £4.95) evoking the world of the factory.

The prize was inaugurated in 1975 by the literary agents David Higham Associates to flex or permutate the constit- mark the late David Higham's

Dewey Arch and Colonnade, Madison Square, New York 1899: designed by Charles Lamb, now demolished

New faces at the LSO by ANTONY THORNCROFT

managing director of the LSO. He comes from the Australian Opera, where he has been for two years, and takes on the orchestra at a most mobile time.

and Germany, and next autumn, the U.S. With some justification the LSO can claim to be the most toured orchestra in the

Such overseas ventures might be good for national prestige the international reputa- to buy their own. tion of the orchestra but they hardly make money: the musicians would be better off in toire can be altered much more London doing another film score recording or an album of pop classics. And, of course, they could not be attempted without generous industrial sponsorship. Rank-Xerox is paying the expense of Russia just as Diners' Club is underwriting the German trip and American Express is putting up the £250,000 to cover the US tour. But foreign travel does help persuade the world that the LSO is among the top three orchestras of Europe -the others being the Berlin and Vienna Philharmonicsand within striking distance of the Chicago Symphony Orchestra. That at least is the view of Claudio Abbado who has just taken over from Andre Previn as principal conductor.

The LSO has been fortunate to recruit a principal conductor who has the charisma and popular appeal of his predecessor. Andre Previn, who has now completed a record 11-year stint. For a leading conductor Abbado is giving the LSO a good deal of his time. He is continuing as musical director of La Scala, Milan, but has given up his onerous additional responsibility of artistic director which involved dealing with the musiminor commitments to Vienna 9.15 and goes on periodically the door, and Chicago but to an unusual throughout the evening until appearing.

next five years to the LSO.

This means that he will put his stamp upon it, both in terms of the repertoire and the sound. This month, with its bags As Abbado says "every conduc-scarcely unpacked after a tour tor impresses his personality on of the provinces, the orchestra an orchestra." Already there is embarks on its second visit to a new leader for the violins, the Soviet Union, On the hori- Michael Davis, and three new zon are trips to Japan, Korea, violinists and the strings could proving the quality of the instruappeal for cash for better instruments, for with fine violins costing at least £20,000 few young musicians these days can afford

If the sound may change slowly over the years the reperrapidly. Abbado is keen to perform more classics and contemporary music at the expense of the romantic composers of the Mozart, Beethoven and Schubert but also more Stockhausen and Stravinsky. Significantly in his marketable items

the moderns a Stravinsky cycle an annual revenue of £1.6m.

Normande.

Saturday night jazz at the Portman Following the popularity of after 1 am which allows people its Sunday jazz brunches, the to look in for a drink after the Poriman Inter-Continental Hotel theatre. Patrons will not have

Each Saturday there is a The Temperence Seven, Novemthree-course menu including coffee and petit chateau wine the Eddie Thompson quartet, for an inclusive price of £16.80. The restaurant is open to diners from 6:00 pm although the music does not start until

Peter Hemmings is the new extent for a major conductor is planned and next season we Abbado is devoting much of the should hear a Stockhausen series with Boulez. Abbado is to its forthcoming publication period instruments or else on Mr McGegan (who took over convinced that London is of Christopher Hogwood's modern reproductions, in a there after Mr. Hogwood had convinced that London is mature enough for contemporary work. "It depends on what you play and how you present it. You should always try and mix it with other

favourites." The trouble is that new music be further strengthened by im. is expensive, not only because often attracts smaller Abbado is behind an audiences but also because it requires more rehearsals. Abbado is not too involved on the financial side, but he is aware of the perpetual crisis facing the London orchestras. A series of ten programmes on Stravinsky's Firebird currently to be recorded for London Weekend Television, shows that he has all of Previn's flair for the media, and that the media recognises his glamour. He will 19th century and perhaps the obviously play his part in Russians. So there will be more artracting audiences for like all the major orchestras the LSO has to earn around 85 per cent of its revenue. Unfortunately first concert as principal con-ductor a work by Brian Ferney-the hard slog of recordings and hough was included among more film scores subsidises the live performances. Nevertheless Abbado is very keen to play with Abbado following on very cycles of music, often with dis- much in the Previn tradition tinguished soloists. So a of personality married to pro-Beethoven cycle is planned with fessionalism the LSO is well Brendel and a Mozart, perhaps positioned to maintain its role with Serkin. "I am trying to as the most active London give an artistic shape to the orchestra, with a record 607 programme," he says. Among working sessions last year for

has introduced jazz on Saturday to have a meal as long as they evenings in its Rotisserie pay the entrance fee. Artists and dates as follows: ber 17; Bud Freeman with

November 24; the Wild Bill Davison All-Stars, December 1; Barney Kessel trio, December 8. Entrance fee, payable at the door, depends on artist

Friday's instalment of the own two-piano Concerto of a trouble at the outset. The "Hux-urrent Stravinsky series few years later (infinitely ley" Variations of 1964, current Stravinsky series few years later (infinitely ley" Variations of 1964, brought David Atherton and scattier but just as engaging), performed twice and very weltwo soloists to the Festival Hall and a good performance of the come, were impeccably dewith a greatly enlarged London former ought to bring out the lineated and paced, full of Sinfonietta. Though the two kind of joke that tempted him gravity without weight. (Paul neo-classical concertos in the to that friendly larceny. This Griffiths' useful programme presuppose one sufficiently did. Atherton notes claimed puzzlingly that ordinary symphonic forces, they is not a prescient accompanist: the opaque inset multi-voiced do not need a lavish comple- here and in the Violin Concerto, blocks are "the central sub-ment of strings, and the late too, orchestral unison with the stance of the music"; surely works of which the concert soloist occasionally slipped, and they have just the dramatic was otherwise composed are had to be defuly recovered. function of the muttered choral full of orchestral solos—evel. Little damage was done, episodes in the contemporary Sinfonietta-fodder. In certainly not to the Violin Con- Requiem Canticles, and fact the 1929 Capriccio for piano certo, which was roundly "substance" of the music lies

cohorts gave an uncommonly pungent account of their parts. The athletic and mischievous solo role was taken by Michel Beroff: expert, idiomatic, not so forward as might be wished—

St. John's, Smith Square

and orchestra makes lively use dominated by Kyung-Wha as much in the whole frieze-of four concertante strings, too, Chung's sovereign bow. By sequence as it does in the Can-and there Nona Liddell and her temperament and style she is ticles or indeed the Symphonies ideally suited to the work- of Wind Instruments, almost a lucid, fleet, soignée and a little half-century earlier.) Finally, stern, with intimations of raw Atherton led a splendid witty power strictly contained. and resilient performance of The late works were a feast Agon, ideally balletic, notable power strictly contained.

A Haydn concert

forward as might be wished— on their own, despite a for elever trumpets and a crisp though he responded at last to Monumentum pro Gesualdo mandolin and for a general, the Sonfonietta's infectious high (Stravinsky's 1960 "recomposispirits and let himself rollick in tions" of three Gesualdo madritum pro Sinfonietta's normal numbers the Finale. Poulenc raided the gals) that never quite recompositions of the composition of the comp the Finale. Poulenc raided the gals) that never quite recovered permitted them to take Agon Capriccio shamelessly for his its monumental poise after horn- into their permanent repertoire!

porarily interrupted, for where-

as Miss Nelson's clear soprano

and musicianly habits would no

doubt be welcome in any draw-

soon began to regret her passive

way with words and apparent

unwillingness to do more for

the songs than sing them at

their face value. The close re-

asserted the illusion, however,

with a performance of Salomons'

arrangement, for string quartet,

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by MAX LOPPERT As a way of drawing attention

Haydn and England, the Folio Society sponsored the Academy of Ancient Music in Friday's Havdn concert, a genial and cheering selection from the vast body of music produced, during his four-year stay in this country, for an adoring public the Shakespeare of Music and Triumph of the Age in which we live." Between musical evisodes Mr. Hogwood in his most determinedly cheerful mood read extracts from the composer's diary. Apart from arranging a picture of incredible industry side by side with (for a man already in his sixtles) incredible appetite for new experiences, sights, sounds and adventures, the programme as a whole left the familiar feeling that among the greatest composers it is in Haydn that love

of life is most abundantly

The music was performed on companied on the fortepiano by modern reproductions, in a there after Mr. Hogwood had manner that might admiringly been prevented by the Musicians be described as domestic-there Union from appearing also as was no attempt to inflate into performer). By her singing, the concert proportions so delight- illusion of domesticity was temful a piece of Housmusik as the second "London" Trio for two flutes (Stephen Preston and Nicholas McGegan) and cello (Anthony Pleeth); and in St ing room, in the concert hall one John's, there was no need to. Though the E flat String Quar-tet, Op. 71 no. 3, is one of the earliest of quartets intended expressly for concert audition, it was not a want of "delivery" that one felt in this performance by the Academy string quartet so much as a want of flute, and continuo, of the defining musical character; Surprise Symphony. It is a semiquaver passages were sometimes blurred, and rhythm was sometimes stiff.

Judith Nelson's accounts of the two canzonettas and later of of the original with seemingly

beautiful arrangement, expertly scaled, and with the value of all good arrangements, that of indicating the special qualities three Scottish Songs were ac- alien means.

Festival Hall

The Leningrad Symphony

Any conductor who embarks held, easily articulated collection play itself, but he took care upon a cycle of the Shosta- tive feeling. Now its lack of to mould and balance the sucday evening they brought the seventh, freshly prepared, rich-

toned, impressively weighty. seems no more than a museum piece. Even more than its comlapses when deprived of its wartime overtones. Then its strenuousness and bombast,

lington's Victory.

Mr. Haitink worked hard on strenuousness and compast, the symphony. It must be a such works Cherkassky is they registered a commonly movement's inexorable proces-

symphonies must at first-rate musical ideas-there cessive entries, only bowing to time negotiate the is no scene characteristic of the the inevitable at the brassiest seventh, the Leningrad Sym- best of the composer-and the climax. Elsewhere the LPO phony. Bernard Haitink is simple-minded construction of revealed rehearsal time well presently recording a complete its movements, present too spent: a beautifully polished cycle with the London Phil- much of a barrier to any sort oboe solo in the second move harmonic Orchestra, the record of authentic appreciation. Even ment, elegant, almost pasing sessions coupled with Festi- with knowledge of the com- sionate, string playing in the val Hall performances. On Sun- poser's claim that the sym- third; much care lavished on phony's programme is as much hapless material. Before the concerned with portraying the symphony, however, the orchevils of pre-war Stalinism as estra had taken some time to Nowadays, the Leningrad with the rise of the Nazis, its settle into Rakhmaninov's Rhapprofound banality makes it as sody on a Theme of Paganini. unworthy of a place in the con- Haitink seemed ill at ease in panion work, the eighth, it col- cert hall as Beethoven's Wel- balancing Rakhmaninov's textures but provided a solid cushion for Shura Cherkassky's protean glittering planism. In

garity were tolerated because great temptation to let the first irresistible. ANDREW CLEMENTS

Tuesday November 13 1979

Slowing, not reversing

tors for the UK economy sugsomething of the same kind is happening here. So far only survey evidence, and the state of the mortgage market, suggest a downturn, though most-fore-casts are gloomy. Meanwhile, although output has been dis-rapted recently by industrial Oil output disputes, demand appears only mildly affected. Retail sales have recovered gently thanks to fax rebates, and car sales strongly. Large increases in wages and social benefits are still to be felt.

Price controls

While these figures provide enly a snapshot of the immediate past and an adumbration of the near future, experience suggests that the effect of large wage settlements on consumer demand lasts some months before the price effects work through. It is possible that the abolition of price controls will shorten this adjustment process moticeably, but the short-term-outlook remains thoroughly unhealthy. Sustained demand while production falters and cost pressures rise, suggets a poor outlook for the current payments balance, for profits and above all for inflation. This is nothing like the economic picture which the Chancellor's policies were designed to produce.

Sir Geoffrey Howe has admilited that there has been a setback. It will take "longer than expected" to get monetary growth under control, and voters are warned not to expect much immediate progress on tax reduction. The question is whether this muted warning is adequate to the situation.

economy is performing very much as might be expected had the Government's actual fiscal and monetary performance, stather than its intentions, been known from the start. The fiscal belance was set too expensively... in June, but there is now a growing belief that the out-turn vill be still more expansive. Monetary restraint is causing some discomfort, but on almost any measure of the money supply except the official one, whether marrower or broader. it is clear that money and credit are growing far faster than was

but nobody came" one U.S. credit—the means by which the policymaker observed ruefully banks escape the "area" after the October control of the control of th after the October credit crunch restrictions on lending — is had been imposed, as an emerg-added back, broadly-measured ency measure, by the Federal liquidity- has grown at an Reserve; and the latest indica annual rate of about 16 per cent so far in this financial year, and narrowly-defined still faster. This is about enough to accommodate the current rate of inflation, with little or no real growth. The figures for the real economy simply confirm this picture.

In one sense the Government can afford to take this initial failure of its policies calmly, because one element in the traditional British doom is missing: there is no external crisis, nor is there any very pressing threat of one. Slowly rising consumption is compatible with falling manufactured output thanks to the continuing growth of North Sea oil output and its rising value. However, this means that as oil output reaches something more like a plateau over the coming months, we still have everything to do. Our good fortune has so far been managed, by Governments more than an importers' benefit. It is clearly urgent to inten-

sify policies against inflation. The first steps towards getting things genuinely tight will be announced this week, with the rolling forward of monetary tar-gets and no doubt a further and sharp rise in official interest rates. It remains a very open question, though, whether it is possible to achieve the kind of monetary restraint the Govern ment wants in the present situation by traditional means.

Economic pain

With both costs and prices now rising by well over 16 per cent, a genuine restriction of credit and money growth to 12 per cent would imply a very sharp contraction indeed. It must be remembered that the present regime of 14 per cent MIR and base rates has proved accommodative, not really restrictive, and the response to still higher rates remains to be which to develop the replace be the U.S. Trident programme, is essential, and it is bound to cause real economic pain. What the Government must remember, from our own repeated experience and from the current U.S. example, is that the longer serious treatment is delayed. the nastier it will have to be.

The real cost of dispersal

"AN UNPARALLELED example dated at less than a quarter of of economic lunacy" is one way the London rents. to describe the Government's decision, announced in July, to stop moving civil service jobs alleged stop moving civil service jobs alleged "savings" are an out of London and into the accounting sham. The Hardman regions. Mr. Campbell Christie, the Society of Civil and Public Servants, who made this accusation and added to it last week by claiming that the dis-persal plans which survived the Government's axe are now being "sabotaged" by senior civil servants, may bave had his own reasons (connected with his members' promotion prospects) for favouring dispersal. Nevertheless there is a good deal of justification in the gist and even the tone, of his

Imbalance

The arguments in favour of dispersal are clear. Firstly it helps to redress the economic imbalance between Britain's regions. Secondly, and more the present importantly, period of belt-tightening, it saves large sums of public money by reducing the cost of providing each cive servant with the 150 sq ft of office space that he or she (on average)

requires. Unemployment rates Britain's regions vary from 3.4 per cent in the South East to 7.9 per cent in the North and the gap is expected to widen further as the recession begins to take its toll. The plans to transfer 20,000 civil service posts to some of the poorest parts of Britain, such as Glasgow and Liverpool, would undoubtedly have helped their local cconomies. In addition to the 60 per cent of relocated posts that are normally filled by new recruits. there is a secondary employment effect as civil servants spend their salaries on local goods and services.

It is, however, in the financial calculations that the greatest benefits of dispersal lie. Lord. Soames has claimed that abandoning planned dispersals will save £250m of public money over the next five years. Unfortunately he did not reveal the formula which will moving them to the provinces, basis that any commercial of seeing his stories in print where they could be accommo- employer would use.

If Lord Soames had looked into the figures in detail, he might have realised that his Report, which was published in 1973 as the basis for the original dispersal programme, is the most detailed study done within the civil service on the costs and benefits of dispersal. It does show considerable shortrun costs in transferring civil servants. These include allowances for administrative dislocations, for travelling costs and for redundancy and relocation payments. All these, however, are swamped by the differences in office rentals and

Nevertheless Hardman comes up with a "net cost" to the Exchequer during the first five years of a relocation pro-gramme. The sole reason for this is an extraordinary method accounting for property costs. The calculations assume that at least 70 per cent of the the Government in the regions will be acquired freehold in cash but that the buildings vacated in London will rented, rather than sold or leased for a capital sum. Not surprisingly, Hardman's calculations throw up large net costs throughout the period when the Government is acquiring or building its provincial

Benefits

offices in London and buying up further land and buildings in the provinces, the Government were to do the opposite; sell its London properties and rent its new provincial accommodation, the gains from dispersing civil servants would be immediate and enormous. Selling "public property" may have been unthinkable in 1973, when the Hardman Report was published, but now that the Sale of the Century is in full swing, the Government should surely regard some of the 73m sq ft of enable him to save money by tially marketable. At the very around £13 per sq ft, instead of service dispersal on the same He clearly enjoyed the prospect

The balances of arguments for a U.K. deterrent

BY REGINALD DALE

itself up to take two decisions on nuclear weapons that will have crucial long term significance for if it wants to continue as a Britain's role in NATO and strategic nuclear power after its future as a world power, the ageing Polaris force is no its future as a world power. One is relatively easy, the other much more difficult. Both would have been even harder for a

When NATO Defence Ministers meet in The Hague today they will know that they can count on British support for the alliance's plans to modernise its so-called Theatre Nuclear Forces in Western Europe, In practice this means that Britain s ready to act as a base for a and there is good reason for new generation of American finalising a deal before Presi-Cruise missiles, capable of dent Carter becomes totally striking deep into the Soviet Union—even if a formal deci-sion by the alliance as a whole tainty about the possible attiis not due before mid-

The timing of the more diffitalks with President Carter. Cruise missile system. Although the aim of this par-

RS. THATCHER'S Gov- ticular meeting is not to sign very existence of a Polaris ernment is gearing a second Nassau Agreement it will have to negotiate a new missile deal with Washington longer serviceable.

Given the long lead times

such systems take to build, a

decision cannot be long delayed. The easy decision has in fact The moment is also seen in virtually been taken already. London as opportune for political reasons. The Tories, unlike Labour, are committed to replacing Polaris and would like to take what could well be a con-troversial decision early in the life of their Government. The current American Administration would favour such a request dent Carter becomes totally embroiled in his re-election camtudes of a new man in the White

But why, one might ask, does cult decision-how Britain is to Britain need a strategic determaintain its strategic nuclear rent in the closing years of the deterrent from the 1990s, until well into the 21st century—is deal of money—the cost of not quite so tight. But the replacing Polaris with a new Prime Minister will want to Trident submarine - launched have a fairly clear idea in her missile system has been put at mind when, also next month, around £4bn at 1979 prices. The she goes to Washington for alternative is some type of

war against its will. Use of the British deterrent against the Soviet Union would in any case be suicide—a "blow from the grave" as it has been described. The money might be better spent on strengthening Britain's conventional forces or on other policy objectives.

Advocates of replacing Polaris would first of all argue that the money would not in fact be used to strengthen the country's conventional forces. Beyond that, they would argue that there are both military and political reasons why Britain should try to remain a strategic nuclear

guaranteed seat at the top table of Western powers, at a time when the UK is in historic decline. In NATO, it helps to With France outside the alliance's integrated military structure, West Germany would be the dominant European partner if the UK were not a nuclear power. Britain's nuclear role is no longer a matter of serious controversy either in Washington or other allied capitals. Most American strategic thinkers welcome the

possible defence of the UK in time of war is particularly important because Britain would Politically, it ensures a

desperately needed reinforcements from the U.S. From a strictly British point of view the theory is that the existence of a strategic detercent ventional) military power of on the UK, at least in the early-West Germany in perspective, stages of a war. Even the smalldamage to the Soviet Union. If the Russians played the NATO which is admittedly far from certain, they would launch their initial nuclear strikes elsewhere in Western Europe, conferring a degree of what is known as sanctuarisation" on Britain. Given, however, the suicidal Cruise missile system small degree of extra un nature of any British decision to dire emergency. rent. But the words.

It has been argued that the certainty that the British force unleash its strategic deterrent. Cruise missiles in the numbers balance have to be stress.

creates in Russian eyes—thus on the Soviet Union Britain theoretically at least, increasing would obviously want to delay Western deterrence. For West doing so as long as possible. The independence" of the British deterrent is as important for a decision not to fire it as a decision to do so. Although the be the main bridgehead for Polaris force is committed to desperately needed reinforce. NATO, the UK is entitled to

> This is one of the main reasons why most strategists are with a similar, if more modern submarine system. It is sometimes argued that if Britain is the separate NATO plan that is under review in The Hague this slightest relation to his week, it should simply buy a senarios currently in vogue. The few more of its own to replace Polaris. This, however, might the majority of strategic blur the distinction between thinkers in the Western Alliage NATO missiles and an independent on balance still see a role for dent national force for use in an independent British determined.

launchers might also trum out to be not much chesperain the end than a submarine launched ballistic missile system. Submarines are still less voltable than bases on land ballistic missiles have great chances of arriving on target than the lowdying land hugging Cruise. MATO drawy is also based on the assumption that submarine launched systems would be used at a later systems would be used at a later stage in an escalating war.
One can play endless begothetical strategic war games seme people spend most of their lives doing it. Nobody, however can be supported. however, can be sure that

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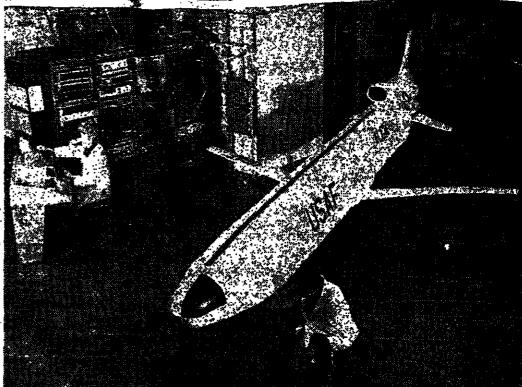
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MINNERS WITH W



Boeing technician puts final touches on full-scale model of new long-range Air Launched

The choice of new delivery systems

BY MICHAEL DONNE, Aerospace Correspondent

DETAILED studies of which 50-plus active and planned system to adopt in Britain to replace the present ageing various classes in the Soviet Polaris missile-carrying sub-Navy. But it is still regarded marines which form the British as a vital element of the over-strategic nuclear deterrent, are all NATO strategic nuclear still in progress. No decisions deterrent. are likely until some time next

The present force of four submarines (Resolution, Repulse, If Britain decides in favour of Renown and Revenge) is continuing with a submarine-capable of fulfilling its task launched ballistic missile until the early 1990s, so that (SLBM), the most logical there is at least ten years in weapons system to adopt would there is at least ten years in weapons system to adopt would be the U.S. Trident programme ment system. But because of now under development and the technical and industrial problems involved, it is necessary to take the basic decision on which type of replacement system—either another sub-marine-launched missile or an gramme envisages 13 new air-launched missile-some time next year, so that the work can be put in hand by 1981.

The decision is critical, because whichever way it goes will settle much of the UK's nuclear defence strategy for the rest of the century, and probably well into the next. The existing UK deterrent force is each submarine carries 16 Polaris nuclear missiles—by comparison with the U.S. Navy's

of long-range missile missile submarines, and nearly 150 missile submarines of

This is particularly so in the light of the Soviet Union's continued build-up of missile forces. production by Lockheed Missiles and Space Company on the missiles and General Dynamics (Electric Boat Division) for the submarines through to the mid-1980s, each of 16,600 tons, and capable of carrying 24 Trident 1 missiles, with a range of over 4,000 miles. Each missile would to evade anti-ballistic missile defences. The Trident missiles are also being fitted into 12 of

missiles, with 25 Test missiles, costing in all \$3.4bn. The UK could develop smaller submarines, using fewer missiles. reducing the foreign exchange probably have to be acquired from the U.S. The nuclear warheads, however, could be of UK the current Polaris missile system.

involves

Clearly, the cost of any Trident submarine force would be expensive for Britain. an ALCM capability, in addition Various estimates for a fivesubmarine force have put the missiles and its Trident subcost at upwards of £4bn, comhave a multiple warhead, plete with missiles and war-capable of striking several heads. While acquisition of targets, and manoeuvrable so as such a system could bring much work to Britain's defence industries, it would take as much as ten years before the submarines the existing U.S. Navy's were in service, even assuming a Poseidon submarines. The U.S. go-ahead in 1980-81.

the Air-Launched Cruise Missile from a "carrier aircraft," flies progress. The under its own power to a premarines, using tewer missies. Under its own power to a pre-expected to be chosen in early instal (if, could be hard, or possible new submarine force is understood to be based on a be multiple, as with the the early 1980s. Britain could (apart from the wardens), a minimum of five submarines, so that allowing for maintenance than 1,500 miles. The carrier Trident Submarine system and and repairs, at least two could alreraft can be either a B-52 the ALCM until the U.S. itself be on patrol at any one homber (which could carry 12 has decided which ALCM to use, the counsidered of the be on patrol at any one bomber (which could carry 12 has decided which AECM to use, to be considered time. The submarines could ALCMs under its wings with and this is one factor behind the transition of the considered to be built in British yards, thus another eight in its bomb bay), delay in settling our future vivables, and the could be built in the even the set of the could be built in the even the could be built in the could be bu or even a converted transport costs of acquiring the system, aircraft, such as a Boeing 747 The cost of the ALCM has not but the Trident missiles would Jumbo jet. When launched in been disclosed, but missile for missiles would have to be countered by a separate anti-missile design and development, as with deployment by the enemy, so that defence against the ALCM is not only difficult but also

> its existing land-based marine system, but it has not yet decided which of two types to adopt—either the Boeing AGM-86B, or the General Dynamics Tomahawk AGM-109 (of which a ground-launched variant, the BGM-109, is also under development for tactical

The U.S. is planning to have

progress. The winner is cheaper quicker to acquire in expected to be chosen in early instal (it could be beselved)

deterrent...

cheaper than the Trident submarine system, which would be an advantage for the UK. The UK's problem is that it does not have a suitable "carrier" air-craft, which would presuppose either buying such an aircraft that becomes necessary. These matters are perhaps of modify some existing British less concern to the U.S. which aircraft, such as the Vulcan will have both types of system bomber, which would push up the costs of the system sub-stantially. As with the Trident, the missiles would probably be acquired from the U.S., but the warheads could be produced in

the UK. If costs and time-scale were

The other option available is The U.S. Air Force's competituture strategic determine the Air-Launched Cruise Missile tive "fly off" between the AGM- ALCM would seem to be the (ALCM). This weapon, launched 86B and the AGM-109 is now in logical choice. It would be

The cost of the ALCM has not submarine is less easy to detect, and thus less vulnerable than craft would be based on sirfields. On the other hand, the ALCM is a more flexible weapon system than the submarine-launched misile, capable of more rapid technological improvement if that becomes necessary.

in its armoury, but for Britain, which can only afford one of the other, they are of considerable significance. Before taking its own decision on the form of its own strategic deterrent for the 1990s, these are some of the considerations the UK will have the sole criteria for settling the to weigh carefully.

MEN AND MATTERS

Old Times are here again

There was perceptible gloom on the faces of Grays Inn Road sandwich bar proprietors as, at midday, news of yet another dispute, and the measured voice of Times editor William Rees-Mogg, issued—yet again—from the radio. Inside the modern office block of New Printing House

Square I found the eve-ofpublication mood more cheerful businesslike relief mingled with the semi-lethargy and letter-opening of late morning on any daily newspaper. In the newsroom, however, one man was already typing furiously. A story for the first issue? "No story for the first issue? union business," smiled Jake Ecclestone, father of National Union of Journalists chapel. Ecclestone claims to be one of the few to have worked usual during the 11 months of the suspension. "I'm very pleased at the prospect of the paper coming back-but I don't feel a wild sense of elation." he said. Like many Times people, he has the air of a man who is used to being on the receiving If, instead of hoarding its end of news gathering. Indeed as we spoke, television crews, banned from the building, were hovering outside.

Many others claim to have been hard at it from the first day of the suspension. News editor Rodney Cowton, for instance, has been sitting at his deak four days a week with two or three general reporters for company, keeping in touch, and just trying to keep the office functioning in limited ways, like ensuring the post kept coming through." It is a vigil he would not care to repeat, and like offices that it occupies as poten others he has been surprised by the ease with which he has keeping civil servants in least it should calculate the been able to get back into the London offices with rentals of costs and benefits of civil normal professional routine.

as one veteran of the foreign desk put it—" the closure of The Times would be equivalent to the British Museum being knocked down." But Cowton insists that neither his eightpage supplement catching up on events of the last year, nor three supplements of selected obituaries, reflect a special kind of arrogance. "We have to take some account of the most important develop-ments," he says. "It's not a ments," he says. "It's not a question of putting the Times imprimatur on them. We simply want to get what's happened

on our records." A first-day print run of around 500,000 was expected, a huge production for The Times, inviting enough, Lyhams also especially when ironically, disclosed (in brackets—for the especially when, ironically, there are not enough printers-extra men have had to be drafted in from the Surrey Comet. Partly because of this production problem, much material had already been set. It helps to explain the general lack of unseemly, premature frenzy at The Times.

This calm was most noticeable the wide room at the back of the building where, appropriately overlooking Mount Pleasant GPO sorting office, chief letters editor Geoffrey Woolley was sifting through the day's mail-around 100 letters.

Woolley is one of those people who justify the cliche that the Times is simply more civilised than other papers. He has been concerned with the letters, apart from an interlude in Washington, since 1953, and is clearly delighted that the paper is coming back. His main irritation is at having to start from scratch: "It's a question of getting into the middle of arguments: It'll take about a fortnight. I should think. I haven't enjoyed the suspension the most frustrating thing was when there have been great

Name dropping

Although six months have passed since Mrs. Thatcher exchanged her life in fashionable Chelsea for a flat above the shop in No. 10, she has not left her former address entirely without a certain political Je ne suis quoi. In fact, if an advertisement by Lyhams, a firm of Putney estate agents, is to be believed, her previous residence in the area is an extremely marketable commodity.

"Flood Street, Chelsea-adjacent to the Prime Minister's House," runs the advertisement. And, lest this proves not to be owner maintains a discreet distance from the transaction) that the property in question is "used by a very busy MP." The asking price: £125,000.

Whether this approach to the sale of property is good or not is, unfortunately, a matter for dispute. Marriot, the lead estate agent for our hardworking, but anonymous, MP thinks not. We're fully aware that Mrs. Thatcher lives in Flood Street, but, quite frankly, we don't need that sort of publicity to sell a house in that area."

Lyhams takes a different view: "Obviously its a good address now," they say, un ahashed.

Moral tale

Clad in silver and orange and conscious, no doubt, of their motto "True and fair," the members of the Worshipful Company of Chartered Accountants gather in St. Lawrence Jewry in the City tomorrow to perform their annual church duty. The subject: "Morality of

Capitalism. The speaker, Professor Bri

Talking to Times people, it is happenings that would have Griffiths of the City University, clear that few are entirely made marvellous letters." should raise few eyebrows. His twin themes, I understand, are twin themes, I understand, are capitalism as the guarantee of personal liberty and the dangers of the collectivist state; the assembled liverymen can be assured of a robust defence of

accountants' values. In a way, though, the meeting is less about the lecture and more about the members' need for pomp and circumstance. For too long, it seems, chartered accountants have not been accorded the dignity which is their due, and in 1977 a group of them decided to put things right with the formation of a livery company.

"A number of such companies were reaching their centenary and it was felt that the accountants needed their own terms of reference," the Rev. Basil Watson, their chaplain and vicar of St. Lawrence Jewry, tells me. Letters patent taken out, a livery awarded, gowns and staffs designed—in fact, all the medieval panoply appropriate to Jubilee Year. Today, as a result, they are at one with the goldsmiths and the cloth-workers and can feel proud of their standing in the City.

The present Master is no less

a figure than Kenneth Sharpe, head of the Government Accounting Service—an office known in the trade as Hot Cas.

Precision in paint

is a new spirit of modesty abroad in the football fraternity? A slogan daubed on the roof of a railway carriage at Victoria Station reads "Crystal Palace Football Club roois London." As if having second thoughts about this assertion, the daring graffitist has interted the qualification "S.E." between 'rools" and "London."

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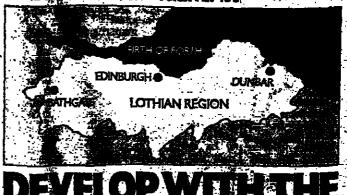
The University's Wolfson Microelectronics Institute has a 60-strong teaching, design, research and consultancy staff. They are all available to industry, together with a silicon chip production facility equipped with the latest techniques. Lothian includes some of the best-known names in the

electronics business-Ferranti, EMI, Hewlett-Packard, Mitsubishi, Racal, ICL, Burroughs and MFE Thus, the experience is here—the skills, the training infra-

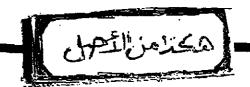
structure, the labour. And excellent development sites and factories. Edinburgh's international airport is only minutes from the city centre, which means European markets can be reached

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LOTHIAN REGION



Insurance

Most sectors of insurance are currently slipping into the latest of the industry's traditional cycles of decline. The main bugbears are overcapacity, bad claims experienced this year and general weakness in the market. Most observers are not looking for an upturn until some time early in the next decade.

Riding out the bad weather

By Richard Lambert Financial Editor

for insurance companies around any previous 12-month period. the world. Fundamental changes in the market place are coinciding with a time when underwriting profits are in a cyclical decline.

Over the last 30 years the major UK companies—like most of their counterparts around the world have shown a strikingly consistent pattern of performance, underwriting touching low points in terms of their return on premium income in 1951, 1957, 1963, 1969 and 1975. History may well repeat itself, making 1981 the turning point in the current cycle. But it is just possible that the surplus capacity which is responsible for the current setback will not disappear in quite the old familiar way. In that event the world's insurance industry will be mov-

ing into uncharted waters.

most important insurance martin has been accelerating into double figures this year, that much larger, premium rate increases an- Moreover, it is averaged well under 2 per cent

In addition, there have already been a greater number of natural disasters big enough to be rated as catastrophes in THESE ARE unsettling times the U.S. so far this year than in It looks as though total U.S. catastrophe losses could exceed \$1.7bn in 1979, which would be nearly double the previous peak set as far back as 1965—the year of Hurricane Betsy.

Leading U.S. brokers Conning and Company estimate that the U.S. stock companies will show a combined operating ratio on property and accident business this year of over 102 per cent. That figure represents expenses will be substantial underwriting losses this year. In 1978, by contrast, the ratio was 97.4 per

nearly 106 per cent, which would

exceptionally profitable component of insurance comperiod in 1978. Countries like pany profits—investment in-Australia and Canada are con- come—but this does not repretributing to this downturn, but sent a net gain since in an the major weakness lies in the extremely competitive environ-U.S., far and away the world's ment this factor is bound to be taken into account when setting While the rate of infla-premium rates, In other words has been accelerating into "pure" underwriting losses are

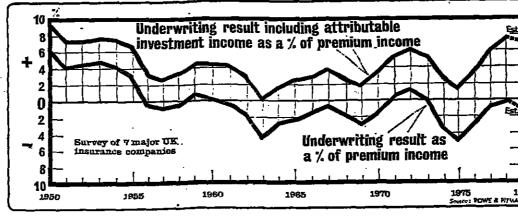
Moreover, it is desperately nounced in the first nine months difficult to get rates right in a period of accelerating inflation, as some UK companies found on all lines of business. In as some UK companies found some classes or risk, like special to their cost in the mid-1970s. multi-peril or commercial fire, increased competition has actually reduced rates in dollar at a much faster rate than seemed probable only a few seemed probable only a few months ago. Premium rates which looked pretty tight at the time must now look downright inadequate.

Of course there is nothing particularly new about this market development. Insurance is a highly geared business, which attracts new capital when it makes fat returns and then suffers a lean phase until capacity and business volumes get into line again,

Wistfully

It is always at the present stage in the cycle that the estab-lished companies like to talk wistfully about the need for plus claims as a percentage of "disciplined" markets. Usually premiums (which are likely to exceed \$60bn), and means there discipline. But competition is now coming from some rather different sources—from people who are hungry for premiums, whose prime concern, at The outlook for 1980 is for least for the short term, is to a further deterioration, and build their share of the market rather than their earnings per operating ratio for that year of share.

One reason for this is that The current cyclical decline be just about as bad, as the ex-has now been established for perience of 1974. High interest becoming much more inter-about a year, following what was rates are boosting the major national. The UK companies tionally the bread and butter



at home coupled with a growing wish to diversify risks on an international basis have pushed previously insular companies from countries like the U.S., Japan, or Germany into taking an aggressive posture in new markets.

Competition has been further increased by nationalism-which has shut off a number of developing markets completely and helped to encourage the introduction of brand new capacity, such as the markets currently being planned in the U.S. The growing power of the consumer has also left a mark, by squeezing the returns on personal business in a number of

Meanwhile the pool of available world insurance business

have long written a very large for many companies, is not part of their business overseas, but this has by no means been it accounted for two-fifths of of other developed premiums written in 1972 but countries. Until now, that is, only a third in 1978. Elsewhere when sluggish economic growth an increasing proportion of the bigger risks are being selfinsured or placed offshore with captive companies, leaving the established companies squabble over the least stable part of the premium. In the inelegant phrase of one big comwe are being pushed up the risk spectrum."

> On top of all this comes the explosive growth of the international reinsurance business. This has enabled insurance companies to take on a range of risks that their capital would otherwise have been too small to support. It has made it much easier for companies to gain access to overseas markets; has depressed premium rates generally by bringing new capacity into the market. Many 11.2 per cent of total property/life companies have been accident premium volume in the

Bermudian subsidiary of Armco Steel-have developed into a major force in the market place.

Reinsurance helps to delay the day of judgment, in that makes it possible for insurance companies to with-stand big claims that would otherwise have forced them to put up rates or go out of busi-This is why Hurricane Frederick and all the other U.S. catastrophes this year appear to have had so little impact on the market so far.

Strong

It is also one reason why a strong capital base is becoming of ever-increasing importance to insurance companies. are several others. General liability is becoming an increasingly important class of busi-Including medical malpractice, it accounted for putting new capital into re- U.S. last year, up from 8.4 per majors paid out total dividends. The fact is that the U.S. cominsurance, while some captive cent in 1975. Excluding the of £664m—and raised £490m of panies are in no shape for a

liability premiums totalled \$7.8bn in 1978 and would have been a lot higher if the soaring cost of risks like product liability had not led to higher self-insurance and a move to offshore captives.

The growth of this class of business is not confined to the U.S., as the rising number of court awards for personal injury around the world bears witness. One of the key features of general liability is that it can take years for a claim to be recognised let alone settled. That means bigger reserves are required than would be necessary for writing, say, a motor risk.

A rising rate of inflation also requires reserves to be boosted, for obvious reasons. brokers Rowe and Pitman calculate that between 1970 and 1975 the provision for outstanding claims by the seven major UK insurance companies rose from 67 to 82 per cent: it has since levelled off at 83 per cent. These reserves can now exercise a major gearing effect on reported profit. For the UK majors they currently amount to £3.9bn, so if for the sake of argument there were to occur an error of just 1 per cent in the aggregate calculation there would be noticeable repercussions for a sector which paid net divideods of £120m last year. A strong equity base is essential to sup-

port such big numbers. The trouble is that although insurers have compelling reasons for wanting to bolster their capital base, the case for putting up new money is much less so. Stockbrokers L. Messel and Co. have calculated that between 1970 and 1978 the UK insurance companies—like the medical business, U.S. general new capital by rights issues or really serious slugging match.

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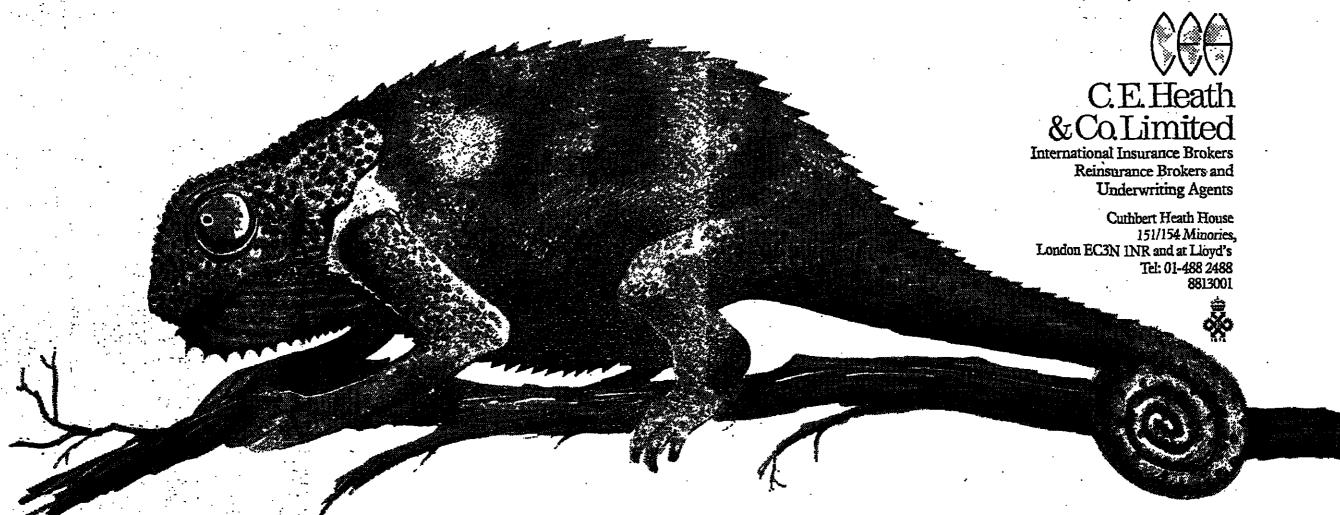
what might be called pseudo rights issues (bids for investment trusts and the like). That left a balance of £174m, of which company—the Royal accounted for over £100m.

This is why the share prices of the UK insurance companies have performed so dismally in recent years. But at least they have now got their balance sheets into shape. In the U.S., by contrast, there have been no major equity issues in recent years-and it shows. Solvency margins are lower than used to be thought acceptable and loss reserves stand at around twice the policyholders' surplus, almost double the ratio at the beginning of the decade.

Paradoxically, this is one of the main supports for those who argue there is not going to be anything untoward about the present underwriting cycle.

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In a changing world, the keyword should be adaptability. And at CE Heath, we have the flair and flexibility to keep pace with ever-changing insurance needs. So if you need really up-to-date advice on any aspect of insurance or reinsurance just contact us.



World Competition

New forces at work

three underwriters are gathered together the chances these days surance prices premium costs are that moans about "excessive competition" in some market relation to the future monetary or other will come into the conversation. Just now there are some small signs of relief in a few classes of insurance in the 'competitive ' conditions of which the professionals complain. International marine example, are current candidates for some improvement. But given the way the economic world wags in the last quarter of this century, it seems improbable that the competition issue can be completely resolved in the foreseeable future.

But what do insurance and reinsurance people really mean when they protest about excessive, or unfair, competition? Insurance-buying businessmen and the ordinary newspaperreading public must nowadays be a bit baffled whenever they run across articles or speeches by top insurance people, politicians or other business leaders on the subject of insurance eompetition. Would-be insurance-buyers, who increasngly include buyers of personal insurance protection, have in the past few years learned to look at the question much more from their own viewpoints than in the past. They demand "reasonable" prices for ser-

of steepening inflation. must be "reasonable" too in value of the cover offered, with some sort of assessment of the maximum possible and probable Underwriters and brokers in-

ing through the historic indem-nity principle, some of their commercial chients look for an actual or imagined profit over a period from their insurances. Anyway, if the sums, whether carefully calculated by a business insurance buyer or just the gut feeling of the rest of us as private policyowners, do not seem to add up -- would be insureds vote with their feet and if possible look for another "reasonable" insperer. This introduces only one of the new competition factors on to the world insurance scene.

The interpational policyowning community gets confused, however, when it hears senior people closely involved with insurance speaking with dis-tinctly forked tongues about competition. On the one hand, an increasing number of governments must reflect their constituents' concern over prices, the protection of condemanding that sumers' interests and the

more openly competitive either by exhortation or through insurance markets remain orderly, and that companies or earn and retain dequate funds to meet their Habilities with a substantial margin to solvency.

The current bot debate in the U.S. on how State emilor Federal governments should supervise the industry, how if at all-premium rates should be officially regulated (or left to open compension), and the Carter Administration's recent attempts to impose price restraint on insurance are all symptoms of this thrust in official policies everywhere. The more direct actions on premium levels of Canada's erstwhile Anti-inflation Board are another example. And the way the EEC's approach to insurance harmonisation has lately deve-loped, with regulation in the foreseeable future directed the bread-and-butter lines of most large insurers -- must be debate on competition within Europe's insurance industries.

Competition, whether through marketing or price, must by probity issue, by definition be against somebody. countries, and within national "new market" competition. So, that insurance The underwriters' complaints markets or specific lines of in many people's eyes, is the

is exercised by another insurer or a new insurer, are predictable, particularly at a time of above-historic average inflation when all figures the insurance technician has to play with tend to become exponential. In this sense no competition based on the reduction of prices or im-provement of policy conditions from the buyer's viewpoint-however small in either case-can he "fair."

Unlooker

This is where the bafflement of the outside ordooker comes of the outside onlooker comes in Precisely what did the outgoing chairman of Lloyd's, Mr. Ian Findlay, really mean when he said last year that Lloyd's would not object to the forthcoming New York Insurance Exchange if it turned out to compete "fairly and openly" for business which until now has increasingly, leaked away to increasingly leaked away to London and other overseas markets? More recently a leading U.S. underwriter took the view that New York would either compete aggressively for Lloyd's business and achieve success still modest in the early underwriting years—or it would not compete, and fail.

Unusual levels of competition between countries or, in the immediate future, groups of established underwriting capacity in the older insurance centres in a complex variety of

The most familiar source of new competitive intervention is regional markets, many built up under government or inter-governmental sponsorship. Most of these are aimed at increasing local or regional retentions in the interest of husbanding hard currency reserves, building up local insurers or simply satis-fying national political aspirations regardless of the longer term cost to the country

Many of these, mainly Third World, capacities have yet to get off the ground or make any real impact in the international market. Established under-writers are bound to be con-cerned that if and when such new industries take off, they will be in a strong position to keep the good business and only world, in the form of highly controlled reinsurance cessions seeking reinsurance prices.

The Bermuda captive industry, increasingly entering into third-party insurance and reinthe risks of captives owners, is another example of actively sponsored and partly protected New York Insurance Exchange Insurance profes. sionals outside the European Community often suggest that the eventual EEC "bome market" could develop into a market which will be largely protected from outside partici pation while being able to push into other world centres in an aggressively competitive way.

The older markets response to the emergence of the more centres has lately been, "If you can't beat 'em, join 'em." Even UK brokers and underwifers, accustomed to deriving a sub-stantial proportion of their from North America, are establishing new footbolds with subsidiaries or joint ventures in the U.S. surplus lines and-special risks markets, and various forms of participation in the New York Insurance German, French, Dutch

Japanese and Scandinavian companies have been busily doing very much the same kind of thing in the U.S. markets themselves, and in the newer centres of liberal regulation (and tax advantage) such as Bermada, the Caymans and, for reinsurance purposes, Panama. Estab-lished foreign market companies insurers and brokers, now set up Bermuda under writing and management enfifies not only on behalf of industrial and commercial risk carriers but as independent concerns reinsuring captives or writing business largely on behalf of their professional insurance parents. London has attracted a procession of under writing subsidiaries from most of the other world centres.

Much recent "excessive" of a subtler kind and generated within markets rather than be-tween them. Recession, cost inflation and reduction of pre-

underwriters in main lines of track record elsewhere, they get business have accompanied or UK authorisation to operate, even caused loss of capacity for more unusual or hazardous ristor liability, marine, aviation or left that capacity unfilled with business at normal premium rates and the market extremely "soft."

This combination of circumstances tempts new promoters. from inside or outside the regular industry to come in and have a go, frequently in the name of specialisation, at premium rates and on policy conditions that would make an old hand cringe. This has pro-duced the famous London if fringe of usually tiny under-writing firms which range around the markets writing bits of direct, excess and treaty business. So long as such comparties have the starting capital and a reasonable management

But even the London and other "fringes" are not the end of the competition story. A great deal of downward pres-sure on already soft markets comes from regular and highly respected groups which may decide under current conditions to venture into a class of business or a territory that they have not exploited before; or in their own home markets decide for cash flow reasons not to move premiums up in line with other tariff companies. Both fringe operations and gorecent past sparked off cutthroat premium competition in many markets, notably Germany's industrial fire market, Canada, Australia, South Africa and currently, the U.S.

Underwriting

Heavy pressure on rates

UNDERWRITING move in cyclical fashion. Initially the insurer charges a premium and makes an under-writing profit. Then the cometition ensures that premium rates are cut, or are not raised sufficiently to cover inflation. Losses then occur and correc-tive action is taken. Premiums are restored to profitability and the cycle starts again.

There is a time lag between the insurer receiving the pre-miums and the claims being settled. Thus it takes a few years for an underwriting cycle to be completed. Consumer pressure and the willingness of insurers to stand a loss in order to buy into the market are two dominant factors that distort the cycle. At present there is a world-wide oversupply of capacity, with more insurers wanting to operate than there is business available—leading to pressure on premium rates.

The U.S. is the main world insurance market—about 50 per cent of insurance business originates in the States. The situa-tion in that country is that it is on the downswing of the cycle. Insurers made heavy losses at the trough of the last cycle in 1974-1975, the worst seen. But the recovery has been quite spectacular and useful underwriting profits were made in

Premium growth in the U.S. this year is not likely to advance by more than 7 to 8 per cent, even though inflation is now running at an annual rate of 12 per cent. Although there is a strong element of index-linking in sums insured—and thus in premiums for property and premiums—for property and liability insurance, severe competition and rate regulations are holding back premium growth. Premium rate increases in personal lines have to be approved by the State Insurance Commissioner and there have been very few rate increases been very few rate increases this year simply because 1978 was profitable.

was profitable.

In these circumstances it is almost inevitable that underwriting profitability in most lines will decline from 1978 levels. But on top of this first quarter results were hit by the severe winter and third-quarter figures by the two hurricanes—David and Frederic. The market anticipates that the cost of the natural disasters this year will be the highest in dollar terms—though in real terms nowhere near as bad as the notorious Hurricane Betsy.

The only uncertainty is by how much underwriting will have declined this year. Those major U.S. insurance companies that have so far reported their

major U.S. insurance companies that have so far reported their nine months' results are showing an operating ratio higher by 4 to 8 points. Stockbrokers W. Greenwell are forecasting an overall decline of 6 points in the operating ratios for the whole of 1979.

Sensitive

The motor, account is the first insurance line to deteriorate in adverse conditions. The rates tend to be politically sensitive and there are few rate increases made this year or even in the pipeline. The commercial multiperil emperienced severe losses from the severe winter, although the underlying trend is still profitable. The index linking of sums insured helps this account. Commercial liability is a volatile insurance line that is at the mercy of social inflation—the rate of increase of court awards for damages. Workers compensation is one account which is getting rate increases at present and where the number of claims is under control.

is under control.

Next year will most likely see the underwelling cycle well into the downsying with considerable underwriting losses. It takes some time for rate increases to work their way through the accounts. The situation in 1981 is less predictable, and depends on what time is 1982 presents to what time in 1980 premium rates start to increase across the board. It is anticipated that motor rates fould be lifted in mid-1000 across the state of th mid-1980, atong with commer-cial rates towards the end of the

year. 1981 could overall be as early in the year and the second half showing an improvement heralding the unturn of the next cycle.

In Britain insurers have had problems with personal insurance lines for the past few years. Private motor insurance has had underwriting difficulties since the early 1970s—making with only minor exceptions conno problem getting rate increases, even when approval of the Department of Trade was required under price control. But insurers until recently underestimated the rates of intion acted as a brake on premium increases.

Rising rates of inflation, the severe winter and an increasing number of claims has forced most insurance companies to in-crease their motor premium rates at least twice within a 12month period. Until inflation is under control again premium rates are likely to be revised frequently. Despite these rate revisions, the UK motor account is expected to show heavy underwriting losses this year—some

Changed

On household accounts insurance companies have finally broken with tradition and put up their premium rates for both the buildings and the contents. The basic premium rates, set in the early 1920s were 12½p percent for buildings and 25p for contents (originally 2/6d and 5/in pre-decimal currency). All other rates stemmed from these basic rates. Now almost all insorance companies have changed surance companies have changed the basic rate for contents, un-derwriting on a geographical basis and two companies, General Accident and Eagle Star have led the move to alter build-

have led the move to alter building rates.

The household accounts have taken a hammering over the past few years primarily from the effects of inflation. Policyholders did not keep sums insured up to date with inflation, which resulted in claims rising faster than premium income. The rising number of thefts, a succession—of bad thefts, a succession of bad winters and subsidence from the

winters and subsidence from the very dry 1976 summer added to the problems.

Looking abroad, the situation in Canada is difficult to predict. The Anti-Inflation Board has left its shadow across the scene and rates are still being held down artificially by some companies. Poor results are expected this year and in 1980 but an improvement in 1981.

Australia presents a grim picture, with severe competition keeping rates very low. It is only the absence of any natural disastiers that have kept losses within reasonable proportions, A repeat of 1974, with its Brisbane floods at the beginning of the year and the Darwin cyclone at the end would send losses soaring. Underwritting in Europe is patchy and fiamstrung by antiforitarian controls. But the situation in Holland, after many years of severe losses, looks much highfur having many years of severe losses, looks much brighter, having had the benefit recently of rate

The marine insurance market has been suffering in the wake of the depressed shipping indusof the depressed shipping industry. The rates charged, particularly for hills, have been inadequate, both from the overcapacity, that has arisen and from the efforts of insurers to help the hard-pressed shipowners through a period of economic depression. Shipping prospects are now brighter and the marine market is looking less gloomy. Even so, there have been heavy marine casualties this year resulting in serious claim payments.

Aviation insurance still remains depressed, with poor figures from hull insurance. The number of major crashes has been about the level expected.

has been about the level expected. But the premium rating still remains thadequate because of overcapacity.



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Reinsurance

Market sees dangers ahead

alarmed at the conditions now prevailing in world-wide rein. It provides the insurer with surance markets. They are concerned about the pricing policies, profitability and financial stability of numerous reinsurance groups now operating. Some insurers have predicted that there could be a series of reinsurance collapses in the

If that were to happen the hurricane. consequences for insurance concerns would be serious, as reinsurance can often prove to

Reinsurance can assume all generally reduces an insurer's insurers in equities, the values located foreign reinsurers.

or part of a risk undertaken net liability to amounts conciginally by another insurer.

originally by another insurer. capacity which enables him to wise have written. It protects insurers against the accumula-tion of losses arising out of catastrophes, either from a big ance markets have become individual loss or from a series of small claims from a fire or

insurer's mancial resources. Reinsurance premiums outside insurance premiums of \$180bn. progressively more competitive. Until Hurricanes Frederic and

Government Intervention

Area of growing involvement

DESPITE RENEWED talk in mental bodies and, even more, London and elsewhere this year of international action on gov-ernments intervention in insurance, it is a fair guess that the world's insurance professionals will have to go on learning to live with variable amounts of public involvement in the business in the foreseeable future. As was the case almost 25 years ago, the suggested forum for such world action against State restrictions on international insurance flows is the GATT, as part of that body's attack on barriers to invisible or service trade-or possibly, in the early stages, the OECD.

To invoke the OECD as a possible action group against international insurance discrimination and restrictions is significant. In a rapidly chang-ing climate of public sector involvement in the insurance business, it is by no means only the newer Third World countries which are "guilty" of contributing to the obstruction of the free flow of underwriting business between markets and the distortion of reasonable competition between

International insurance law experts now believe that the enterprises operating in a post-war era of straightforward country; local investment direcnationalisation of insurance or insurance and reinsurance monopolies may be over, if only because there are now relatively few markets left that could credibly be taken wholly or under government control.

Some Third World national insurance corporations have become efficient organisations run on sound underwriting and financial principles, but many were formed hastily as a rather crude response to the same national aspirations which prompted new nations to acquire a state airline or TV network as soon as possible after political or economic independence was secured. It is likely that a number of Third World governments have since regretted going it alone on insurance and excluding foreign insurers from their territories. Rising under-writing and claims costs in an under-capitalised industry is not the happiest combination for a developing insurance market.

Reaffirm

with discriminatory penalties
On nationalisation and direct against non-resident insurers,
tate intervention, it can be foreign underwriters predictably State intervention, it can be noted in passing that only two weeks ago a working party of the British Labour Party decided to reaffirm the party's intention, when returned to related aims of limiting the power, of taking the leading drain of a country's foreign composite insurers and life exchange reserves and increasoffices under public ownership. ing domestic retention of pre-This was despite fierce opposi-tion from the trade union move-local insurance industry and ment, the party's main supporters, and the fact that leader

James Callaghan last year described the proposals as an
"electoral albatross" and not
ceding business to overseas re-"electoral albatross" and not ceding business to overseas re-part of the Parliamentary insurers; a requirement that Labour Party's programme. local direct companies cede all

The trend is of course somecentral state corporation or retrocede it back into the domestic market; and/or a retimes in the other direction, but usually under still close government supervision and in any case mostly in some of the quieter corners of the world supervisory authority. insurance community. In the past year or two the international market has observed with interested anticipation the de-nationalisation of the INder, one of the first of the Latin American government re-Korean Reinsurance Corporation, started as a State company; the de-monopolisation (though not sell-off) of the insurance rights by the new military government. Instead it Insurance Corporation of Sri Lanka, with approval for that Corporation and local and direct State agency into an foreign private insurers to autonomous public corporation establish operating companies in both the domestic market New Zealand are contemplating and on a free-zone basis; and proposals to restrict or control insurance and reinsurance with Egypt, whose industry has been fully nationalised since 1959, opening its doors to foreign similar balance of payments reasons. Australia's latest Inprivate insurers, again on both free zone and domestic market surance Act Companies Act pro-

Insurance professionals in the the relevant clause has yet to older established markets, how- be enforced and the government ever, believe that most of the made is known last year that, if future restrictions on their international business will be hand. through partial intervention by governments and intergovern-

The use of reinsurance spreads the financial burden on expected to produce insured losses of \$1.5bn, about three times the losses caused by reserves attending the growth Hurricane Betsy, there had not been a major international series of catastrophe losses since

by indirect government and

public authority action which has a marked if sometimes unintended effect on insurance

national markets and across

The most recent example of

the ending of an indirect action affecting insurers was the abolition last month, after 40

years, of UK exchange controls.

On the face of it this will make the movement and management

of UK-owned reinsurance funds,

insurance deposits and invest-

ments abroad easier, although

continuing controls elsewhere

will still inhibit the rapid move-

ment of earned balances out of one foreign country to effect reinsurance settlements

Other indirect restrictions-

indirect in the sense that they

may not be applied directly or specifically to the insurance

business alone—are discriminatory taxes against foreign

tion; and control of remittances of profit, locally earned dividend

or local established solvency in excess of requirements.

There are, however, enough

variations in specific insurance

supervisory controls from territory to territory around the world to keep international in-

surance promoters and their

legal advisers guessing hard and running fast for many years to

come. Basic controls by govern-

ments are almost universally

accepted as essential for the maintenance of orderly national

insurance markets and the pro-tection of domestic policy-

holders' rights and interests. Licensing or authorisation of

anderwriters, minimum solvency

margins and public account-ability of companies are recog-

into the direction of investment over and above solvency and

deposit requirements; or into prior approval by the super-visors of premium rates, terms and conditions over broad

classes of business, particularly

A second large and growing

category of discriminatory State

intervention has the closely

or part of their reinsurance to a

quirement that all outward te

insurance arrangements be noti-

fied to and sanctioned by the

Two years ago, international

reinsurers hoped that the

insurance institutes, would be

deprived of its 30-year-old re-

was merely transformed from a

Meanwhile both Australia and

vides for such restriction, but

introduced, the control would

be applied with a very light

underwriters, for

J. J. Pryor

Argentine

State

reinsurer

become restless.

But when supervision extends

nised as standard practice.

both

transactions

frontiers.

another.

Indirect

Although certain large losses have hit the market since then, these have not been enough to deter any of the reinsurers' Co., U.S. reinsurance volume to \$7.2bn, representing 9.9 per groups continuing developing expressed in net reinsurance their markets. The absence of a premium ran at slightly more than the continuing developing expressed in the reinsurance to \$7.2bn, representing 9.9 per cent. huge series of claims has encourtive, to enter new ones, develop

1965, the year of Betsy.

David this year, which are

the over-investment of U.S. where the insured risk is ance companies were

generally reduces an insurer's insurers in equities, the values located) foreign reinsurers. much greater frequency than surers \$1.95n. In the last 14 years reinsur- anyone had anticipated.

Surplus lines business, or that business which is hard to place, found its way out of the U.S. The U.S. reinsurance market has been gradually increasing in market, which was facing huge percentage terms its share of liabilities. market, which was facing huge percentage terms its share of liabilities on contracting rethe total U.S. insurance market. serves, into Lloyd's and other reinsurance concerns. During written amounted to \$20.1bn; that period many overseas reestimated reinsurance pet insurers managed to establish a significant presence in the U.S. as the demand for rein- 1977 total net premiums written surance outstripped supply.

than \$7bn for 1977. It is estiaged domestic insurers to look mated that 39 per cent was than the primary market, but at outside their own markets, written by professional Amerithe same time the foreign share which were becoming competi- can reinsurers, 11 per cent by of U.S. reinsurance business has professional foreign reinsurers, been declining-from \$510m or new business lines, and organise 24 per cent by reinsurance 34 per cent of all U.S. new capabilities such as reinsurance operations.

Reinsurers received a boost admitted (i.e., not licensed to 1977. in 1974 and 1975. Inflation and transact business in the State

reserves of the insurance professional foreign reinsurers underwrite a larger amount of the Comecon countries, and groups. The U.S. was swamped \$300m, reinsurance departments business than he could other excluding life assurance, now with recession-inspired losses of primary companies \$1.6bn excluding life assurance, now with recession-inspired losses of primary companies \$1.6bn amount to \$28bn against direct such as arson, which rose to a and unlicensed foreign rein-

estimated reinsurance net premiums written were \$1.5bn, representing 7.5 per cent. By amounted to \$72.7bn while According to Conning and reinsurance net premiums came

has been growing more rapidly

The U.S. mutual life assur-

reinsurance market. Prudential Re, part of the Prudential Insurance Company of America, has pushed itself from \$51.5m net premiums written in 1973 to \$231m in 1977. It showed spec-tacular growth during the period when poor underwriting results emerged in the U.S. in 1974, 1975 and 1976. Between 1974 and 1975 net premiums climbed 63 per cent, and be-tween 1975 and 1976 52 per

But in 1977 growth had slowed to 29 per cent. With stock mar-kets recovering during that period there was a growing tendency for insurers with im-proved capital bases to retain more of their premiums rather than lay off their risks in reinsurance.

Other U.S. life companies have followed suit. In the UK the largest reinsurance group. Mercantile and General, was bought by Prudential Corpora-tion in 1968. Legal and General has its own reinsurance arm, Victory and Norwich Union, which has embarked on a joint venture with the Winterthur Insurance Company of Switzerland

Reinsurance appeals to the "Cash flow" underwriting life majors because it can appeals to those concerns who

-as investments generating dividends. rent or interest and also as backing for insurance premiums which produce further investment income. capital gains and sometimes underwriting profits.

Moreover, with the reinsur-ance companies' natural bias for risks with long pay-out periods and catastrophe risks, reserves can be built up producing income over a long-term period.

The unease that now exists among established reinsurers is well-founded. There is a large amount of "innocent capacity" operating in world reinsurance markets. The phrase "innocent capacity" describes those new brokers and underwriters who have emerged in the 14 years since Hurricane Betsy. A high proportion of reinsurance executives have never experienced the effects of a really major international loss, particularly on their own account.

The inexperienced underwriters are playing an increas-ing role in international reinsurance and they are serviced by similarly inexperienced brokers

Reinsurance markets currently dominated by a world-wide weakness in premium rates caused by the excess of reinsurance capacity; the ability of brokers and the ceding com-panies to take maximum advantage of present market capacity: a shortage of professional reinsurers with a wide expertise and experience of the problems of funding for large losses; and high interest rates which are stimulating a tendency to underwrite merely for cash flow purposes.

"Cash flow" underwriting dire. no maximise the use of their assets wish to maximise return on

capital. To do this they can take on more hazardous third party liability exposures, where claim settlements might be delayed for many years. This could materially increase investment income and return on

Ш

If the cash flow theory of underwriting is followed and competition increases it could lead to reinsurance business being underwritten at marginal or unbound rates so as to increase investment income. Underwriting losses could wipe out any profit made from invest-ment income.

In these markets the security of many reinsurers is open to question. Even some of the more established reinsurers are under-capitalised, overtrading and underwriting at a loss. Not only is assessment of reinsurance group underlying security difficult; identifying where the risks are insured in the market is becoming impossible.

Many risks are co-insured reinsured, occasionally the subject of reciprocal exchanges, retroceded, reretroceded and at each stage may well have catastrophe protection added. One weak link in the chain could impose strains on even the soundest reinsurance group.

Although there have been rumblings that the catastrophes of the past year may have started to shake out the market, there is little real evidence that the more amateurish competition has withdrawn. An unusually serious wave of losses will be needed to bring order into the market, but at that stage the underlying financial supports of the market may be so weakened that the consequence could be

John Moore

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In an address last week in London, Mr. Ian Findlay, chairman of Lloyd's, told representa-tives from the UK insurance industry that the powers of the 16-strong ruling Lloyd's committee "may possibly now not be sufficient." He added: "I need not elaborate on any of the current cause celebres at retirement to allow a gradual hand-

present stirring the Lloyd's market. Suffice it to say that the traditional self-regulatory processes that have kept Lloyd's in equilibrium in the past have been brought into question. We have seen fit to ask Sir Henry Fisher to inquire into our process of government and to see whether the powers of the committee need to be strengthened."

this insurance market has ever

What would emerge would be Lloyd's systems and powers made relevant to present day conditions rather than a root and branch reform," he said, and concluded : " I cannot really believe that the time has come when Lloyd's as a society of underwriters and as an insurence market needs a governing body equipped with and ready to use ever more draconian powers in the maintenance of

Mr. Findlay warned that "if it ever really came to the point where the people at Lloyd's had to be dragooned, policed and watched at every turn: if it really came to the point where expected good faith, honesty and decency to be the exception rather than the rule, then one might well wonder whether it was worth carrying on at all."

Shared

This belief is widely shared by others in the Lloyd's market, believe Lloyd's is a unique survival of an age of rugged individualism which has long since disappeared from the City and is fast vanishing from the commercial world in general.

In support of the traditional freedoms of the Lloyd's market they point to the growth of the institution—from small begin-nings in a 17th century coffee house to one of the most important insurance organisations in the world, with an annual premium income of over £2bn

This, they argue, has been achieved as a direct result of the willingness of the market to embrace innovation, providing insurance cover to match everchanging needs and techno-logical advance. At one time Lloyd's was concerned exclusively with the insurance of ships and their cargoes, but now it has the reputation of being a market in which any risk can be covered from a space satel-

lite to the family car. These developments have been fostered in a environment which has given much encouragement to the entrepreneur and private enterprise. And the individual freedom of the working members of the community has been respected by the ruling

To understand why, it is important to remember that Lloyd's is a market and not a company. It has no shareholders and the role of the Committee and the role of the Committee and Corporation of Lloyd's (the latter organises the market) is largely administrative, taking no share of the profits. It is the 17.278 underwriting membership of Lloyd's who back the risks, receive the profits and bear the losses.

The large private under-writing membership lend their names and their capital to one or more of several underwriting syndicates, each of which accepts insurances on the syndicate's behalf. An individual member is credited with his small proportion of the premiums and is liable to pay a corresponding proportion of any claim. The member's liability is limited to what is done in his name.

Since a syndicate is not a partnership he is not liable for what is done in the name of any other person. But his own liability for the share of the risk accepted on his syndicate's behalf is unlimited and he must answer for it to the full extent of his personal wealth. Moreover, though Lloyd's syndicates as a whole may show a profit in any given year, an under-writing member's syndicate may have been unlucky or un-skilfully conducted so that he ends up with a loss.

Only about a quarter of the 17,278 membership actually works in the Lloyd's market.

WHEN Sir Henry Fisher's work- for the market to function ing party completes its study of self-regulation at Lloyd's of Because of the size of the commitment required by in-dividual members joining London-possibly by the end of Lloyd's-usually, means of at March next year—the ruling committee of Lloyd's will have least £100,000 must be shownto consider a series of recom-mendations which, if implethe relationship between a nonworking member of Lloyd's and his underwriting agent, the mented, may lead to some of Lloyd's professional who manages the member's affairs for him, must enjoy a high dethe most extensive reforms that

gree of trust.

When the Lloyd's market was much smaller it was relatively easy for the underwriting agent to establish regular contact with the members whose affairs he managed. In fact the close relationships which most components of the market forged with each other gave Lloyd's its club-like image.

Widen

This has changed in recent years, particularly since the mid-sixties. Then, a period of unprofitable underwriting, mainly the result of Hurricane Betsy, led to a fall in new membership just at a time when new underwriting capacity was needed. Lloyd's studied the problem and decided to widen

its membership. Overseas membership was introduced in 1969 and women were first admitted in 1970. Latest figures show that there are 1,650 overseas citizens and 3.134 women among the 17,278 membership at January 1, 1979.

Between 1976 and 1979 the membership has doubled and next year it could stand at over 18,500. This huge increase in membership has come at a time when there is already too much insurance capital, or capacity, seeking business volumes which have not grown at the same rate. At the same time the ex-pansion of membership has placed strains on the manageorganisations agents which manage the members' affairs.

Lloyd's business have been hit by protective legislation emerging countries, the generally adverse economic situation, the re-cession in the shipping industry and the emergence of other markets. European insurance companies have expanded into overseas markets: captive insurance companies have been formed by large multinational companies; and a New York answer to Lloyd's—the New York Insurance Exchange-is just starting up.

Results for the next year or

so are expected to be poor or at best mediocre. Hurricanes Frederic and David could produce total insurance claims international insurers worldwide of \$1.5bn and will leave their mark on Lloyd's. Computer leasing insurance claims—the largest catastrophe outside natural disasters that Lloyd's has ever faced—could produce losses of \$225m for Lloyd's membership.

There are controversies surrounding some of largest insurance brokers in the Lloyd's community as well as working underwriters.

Lloyd's argues that the controversies are a reflection of the competitive conditions in which

PREMIUM INCOME RESULTS (Total results and membership statistics)

		Underwriting or tech-	other debits	
:.	Premiums £m	nicel profit £m	and credits)* £m	Membership
1950	178.3	17.87	13.09	2,743
1951	195.6	22.11	18.40	2,913
1952	217.7	24.94	21.73	3,157
1953	226.3	31.49	24.89	3,399
1954	231.6	22,23	15.88	3,618
1955	232.4	17.84	12.82	3,917
1956	251.0	8.78	5.66	4,177
1957	276.4	12.00	9.70	4,286
1958	301.5	17.49	-14.14	4,499
1959	319.9	25.86	22.37	4,669
1960	342.5	32.35	29.90	4,808
1961	346.1	26.91	24.47	4,937
1962	358.3	22.50	17.79	5,126
1963	369.1	10.49	5.47	5,312
1964	389.1	4.41	0.59	- 5,544
1965	461.4	(40.24)	(37.86)	5,828
1966	531.3	(16.44)	(18.57)	6,062
1967	601.7	(3.25)	(1.63)	6,079
1968	668.2	23.43	35.59	6,059
1969	693.7	34.95	52.10	6,042
1970	786.8	5\$.89	64.97	- 5,999
1971	871.3	76.13	77.43	6,020
1972	957.4	77.94	91.99	6,257
1973	1,190.9	61.97	109.67 -	7,105
1974	1,538.9	22.63	81. 6 0	7,562
1975	1,582.0	86.43	135.16	7,666
1976	1,703.2	96.50	122.76	8,565
1977				10,730
1978				14,091
1979			- :	17,278

* Credits include net interest from investment of underwriting funds, and other credits from the appreciation of invested premium, plus exchange gains. Debits include management investment depreciation, currency losses, subscriptions and other levies.

brokers and underwriters are sometimes neglecting traditional commercial prudence and ticularly in the Sasse affair. occasionally circumventing accepted market procedures. But the wider membership is

becoming increasingly con-cerned that its committed capital may be put at risk in an unacceptable and untoward fashion. While all are prepared to pay up on walld insurance claims, they are less likely to be prepared to pay up on a series of claims which may have arisen because of a breach in

the market is operating. In inadequate policing of the order to secure business both Lloyd's market. This type of Lloyd's market. This type of problem has caused strains in the market in the last year, par-

> This is why there is likely to be continuing pressure on Lloyd's to modernise and formalise its self-regulatory mechanisms. Some of the rules will have to be further backed by the force of law; but if the majority of the market is operating under the community's accepted principles this should have little bearing on its free-dom of enterprise.

John Moore

European Community

Lloyd's accepted procedures and

Much debate but little advance

EVEN THE most steadfast to the more esoteric considera-enthusiasts for the concept of tion of legal expenses covers market in the European Community must now find it hard to see how the essential legal and technical environment for such year or so there has been more debate at expert and profes-sional level in Brussels and other EEC capitals on topics bearing on the ultimate goal

Several new insurance-related items have been put on the table in Brussels this year. These have ranged from EEC relations with the closely linked Swiss insurance industry -

slasts for the concept of tion of legal expenses covers unrestricted insurance and product liability. These et in the European Com- have perhaps diverted some attention from the fundamental problems of harmonisation in the fields of company establisha market can be put into place ment, freedom of insurance before the latter part of the services and more especially, 1980s at the earliest In the past choice of law for insurance choice of law for insurance contracts which remain to be tackled.

Insurance industry leaders. other EEC capitals on topics bearing on the ultimate goal learned to live with painfully than at any time since the insurance common market idea was first thought of 20 years and But real progress towards. ago. But real progress towards approach could be seen as a a genuine multi-country "home market" for the unrestricted conduct of all types of insurance business right across the compared the experiment of the country and the experiment of the experime on Commission draftsmen and everyone else involved in their development to see that they get the rules right. In an industry as complex as insurance the need to avoid false starts and conflicts in new

and varying dependence on i In the present state of the

Community, however, the lack of real progress on insurance must be regarded in Brussels as particularly discouraging. Insurance harmonisation is in danger of falling victim to the present wave of irritation with the Commission's efforts to reassert the primacy of EEC rule-making and apportant of the primacy of the commission of the com making and concerted action over national regulation and bilateral agreements. This impatience with what is seen as Brussels' legalistic, bureaucratic and often muddled approach to the practicalities of Community development has been shown particularly by the British, who happen to control Europe's most flexible and internationally active insurance market, if not its largest in premium volume terms.

In recent months the issue of harmonisation of the law of insurance contracts, and especiworks in the Lloyd's market.

handling the affairs of the vast which will produce an agree-sleeping membership which, ment on Swiss insurers' rights like shareholders in public of establishment in the Comcompanies, provides the capital munity by the end of the year—

directives is particularly important in selation to national for drafting such contracts and companies from the community of establishment in the



A "CAPTIVE" is rather like hostility to captives can still be superior experience had been existence, when its capitalisa-an executive jet—in the world discerned, despite some developed. existence, when its capitalisa-tion is still very low. of American business today a captive insurance company is a corporate status symbol that tax avoidance and the pall of any multinational with preten-secrecy under which they sions to greatness can scarcely do without Having ignored in-surance for decades American businessmen suddenly became aware of the cost of insurance protection after the massive premium increases that most of them suffered in 1975 and 1976. Captive insurance companies,

which had until then been little known outside tax-avoidance suddenly came into prominence as American businessmen sought ways out of their insurance crisis and as lesser corporations' insurance bills rocketed to levels which had previously been experienced only by the pioneers of the captive movement, such as Exxon, Ford and Mobil Oil. Between 1974 and 1978 cap-

tives have been formed by most of the companies in the Fortune 500 as well as many others, so that by December 1978 there were probably about 1.000 captives in existence in Bermuda Grand Cayman, Colorado and elsewhere. After this hectic growth the rate of captive formation has slowed down in the past year. But despite attacks from tax authorities and conventional insurers, this suggests only that the captives are enter-ing a period of consolidation

In Britain on the other hand, the concept of captive insurance has only recently begun to catch on. Al! the major London insurance brokers have provided some form of captive management service since about 1976, but it is only in the past two years that they have been advising their British clients to look at captive formation as a serious siternative to their traditional insurance schemes. Now that exchange controls have been abolished the opportunities for captive formation have been greatly enhanced. Brokers renort a steady increase in de-experience and were frustrated extremely low. Cheap reinsurment for captive feasibility at conventional insurers' refusal ance makes it possible for a studies from British companies.

attempts at co-operation. despite their connections with operate, the captives are basically just like any other competitors in the insurance market. Their main purpose is

The insurance mechanism does not differentiate adequately between good and bad risks, with the result that some companies have con-

sistently low ratios of losses to premiums paid. In effect the "safe" well managed com-panies, where fires and accidents are infrequent, subsidise the badly managed ones, which pay the same premiums. In addition, it is argued, that conventional insurance rating gives little financial incentive to clients to improve their methods of loss control,

Reward

company that decides to fund its own losses, on the other hand, is able to reap the full rewards both of its existing precautions and of any improve-ments which it may decide to introduce. Britain's Tesco Stores, for example, embarked on a programme of selfinsurance for ourglary losses in 1971. It used part of the premlums it would normally have paid to invest in a new system of burglar alarms and preventive devices. According to Tesco's finance director, Mr. Peter Uttley, who is one of Britain's most outspoken advocates of captive insurance, Tesco's burglary losses had ben reduced by 80 per cent.

the 1960s had the same sort of because reinsurance rates are experience and were frustrated extremely low. Cheap reinsurto give full credit for these pre- captive to take on huge risks But the traditional insurers' cautions until several years of even in its first few years of

developed.

The higgest revolt against the traditional insurance market took place in America after the "liability explosion" of 1974-76, when insurers reacted belatedly to escalating injury compensa-tion awards handed out by American courts by imposing to deprive the established insurers of some of their best business. The captives can do this because of a basic flaw in the way most insurance markets the insurance companies lacked the specialist knowledge and the management resources to enable their rates to reflect accurately the true risks faced by indi-vidual clients, with the result that many were grossly overcharged.

One captive founded by a group of Californian doctors, for example, employed investigators in Las Vegas to check up on its members gambling habits, having discovered that gambling debts were closely correlated with medical malpractice.

It is the insurance market's to discriminate good and bad risks that accounts for the main benefits of captive formation. But this does not explain why industrial companies have found it desirable to set up their own insurance subsidiaries, instead of merely charging accidental losses to their normal operating expenses or setting up self-insurance reserves to help even out the inevitable variations in accidental losses from one year to another

Fully fledged captive insur-ance companies have three great advantages over simple selfinsurance reserves. First, as insurance companies, captives have access to the reinsurance market. So large risks that the parent cannot afford to finance can be placed at very competitive rates. At the moment this Many companies that installed is perhaps the greatest single expensive sprinkler systems in attraction of captive formation,

In view of this it is surprising that many of the captives currently being formed in Britain share their risks with the direct insurance market, at tariff rates, by means of co-insurance, rather than with reinsurers. The only explanation for this is that the traditional relationships between many industrial com-panies and the established tariff insurance offices are too strong to allow the direct insurers to be cut out entirely.

Enhance

Secondly, the existence of a well organised captive helps to enhance the status of risk management within the parent organisation. This means more than just the promotion of a lowly staff insurance buyer to an important position in line management. It makes it possible to monitor the selfinsurance programme, to invest funds sensibly and to increase over the years the proportion of risk that the parent can retain. Thirdly, and most important, captives have big tax advan-

tages. If a captive is recognised by tax authorities as a true insurance company then the premiums the parent pays to it are tax-deductible. Contributions to self-insurance reserves are taxed in all countries other than the Netherlands and Norway, although, when a loss actually occurs, the self-insuring company can deduct the cost from its taxable income. A captive enables the parent to take its tax deductions suffered its first decisive defeat, immediately and regularly, when the U.S. Tax Court upheld rather than having to wait for an IRS decision against the accidents to happen.

is sited in a tax haven such as enable it to make a profit, tax can actually be saved and not just deferred, since profits in Bermuda are tax-free, while the premiums that gave rise to them are tax-deductible.

were resident in America, irrespective of where they were in fact based. In 1977 the IRS sidiaries of American corpora-tions to offshore captives would parents unless the captive could prove that it was a genuine

insurance company. To do this it would have to spread risks away from the "economic family" which the parent corporation and its overseas subsidiaries were deemed to comprise. In other words, a captive which insured

only its own parent, would be deprived of all tax advantages. The IRS ruling of 1977 was a serious blow to the captives, but until it was tested in the courts optimists could try to ignore it. take their tax deductions and hope that the IRS would not put up a challenge. Earlier this year, the captive movement suffered its first decisive defeat,

Carnation Company's captive.

Furthermore, if the captive Three Flowers Insurance, While the way that Carnation set up Bermuda, and if the premiums its captive had several peculiarly paid to it are high enough to damning features, there is degree of resignation among captive managers that similar cases against other captives will also stick

Conventional insurers have always suspected The tax treatment of captives many captives are established is not, however, as generous as largely for purposes of tax this picture might suggest. The avoidance may be inclined to U.S. Internal Revenue Service celebrate the IRS victory and U.S. Internal Revenue Service celebrate the IRS victory and (IRS) has been sniping at interpret recent indications that captives since 1962, when it fewer captives are being formed started taxing captives which as a sign of the whole captive insured U.S. risks as if they movement's demise. That would be premature. Even after the Carnation decision existing captives have continued to grow published a much broader and some American captives are ruling, which stated that pre-still being formed. In Britain miums paid by foreign sub- the captive movement is only just taking off, though this may be partly because the Inland be treated as "constructive Revenue has yet to mount a dividends" to the American serious attack on the tax advantages.

> Many industrial risk managers believe that captives can be profitable even if they are treated by tax authorities as harshly as self-insurance reserves by tax authorities. Captives, risk managers emphasise, are established to force the conventional insurance mar ket to give their parents a better deal. Over the next few years, if insurance rates round the world continue to fall, the need for captives may diminish But most risk managers will want to keep their captives active, so as to have them ready as a competitive threat to their

conventional

Anatole Kaletsky

moment that insurance rates

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COMMUNITY CONTINUED FROM PREVIOUS PAGE

EEC market. After protracted consultation between Commission specialists and member-States' negotiators, insurance professionals and lawyers, a draft directive was submitted to the Council of Ministers in July. Opinions on it from the EEC Economic and Social Committee and a committee of the European Parliament are expected later this month and the Council has set up a working party to study the proposals.

A general standardisation of insurance contract law has emerged as a crucial precondition of the eventual worksbility of the draft non-life Freedom of Services Directive, which is still being negotiated in Brussels. But in August a working party set up by the English and Scottish Law Commissions issued a report seriously criticising radical conflicts between proposed rules on he choice of law for insurance contracts and for contracts generally in the Non-life Services Directive and a draft EEC Convention on the Law applicable to Contractual Obligations (the Obligations Convention).

The UK working party points ries in member-countries other out that the Non-life Directive than their own; the belated

of the member-country where the Nonlife, law under which policies will drawn up and claims and other disputes tested - except for large commercial non-life, marine, aviation and transport and, apparently, reinsurance contracts where no consumer protection is involved and the parties can choose the legal system best suited to the contract.

The Obligations Convention on the other hand, wants 'he law with the closest connection with the intentions of the contract to be used. The UK lawyers, at least, prefer the "closest connection" approach, saying that the Non-life Directive's rules classifying risks and specifying types of insurer to be covered by its choice of law provisions are either too complex, unclear or commercially

unrealistic to work. After a very long interval since the adoption in the 1969 of the original uncontroversial directive on freedom of reinsurance within the Community, the past 18 months have seen the adoption of generalised rules on the right of establish-ment of insurance intermedia-

stony road to an unrestricted as now drafted wants the law adoption in member-States of the insured risk arises to be the Directive, including rules on companies minimum solvency, local deposits and investments, and risk classification for licensing purposes; the effective completion of a Life Insurance Establishment Directive; and the adoption by the Council of a directive on Community-wide freedom for the coinsurance of high-risk, high-premium com-

mercial business. The investment provisions have proved somewhat controversial, particularly in relation to Switzerland's bid for an accommodation with the Community, while adoption of the solvency criteria into national insurance laws has produced some rush to build insurers' assets in under capitalised markets and, in Italy, a few insolvencies and enforced liquida-

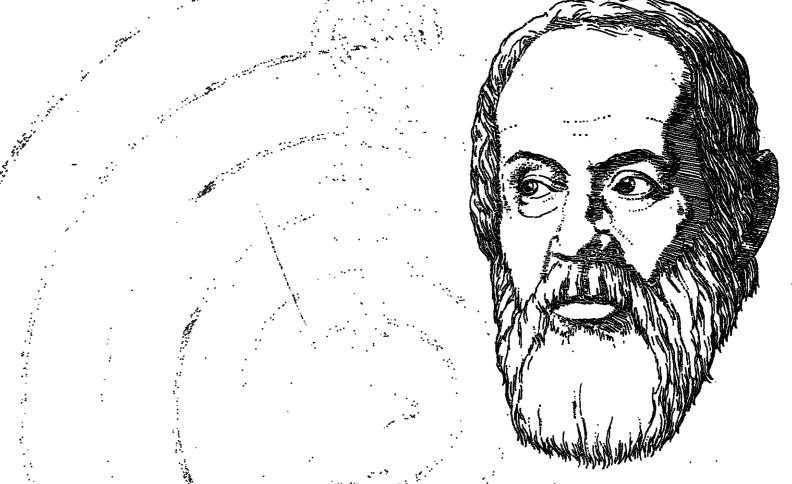
Besides the crucial contract law regulations and the Non-life Services Directive itself, rules the unrestricted sale of for the unrestricted sale of life insurance contracts still have to be finalised. And within the directive on non-life business there are large areas of doubt on the future separation of funds between the major sections of the industry, life and non-life; and on promoters future rights to form and operate composite and other multi-line companies writing classes of business which one or other national insurance law (or proposed Community regulations) say must be written by separate companies.

This has caused considerable debate on the future of the large UK composites and of, for example, Italian mutual in-surers which seek to insure both third-party liability and direct general accident ousiness. The proposed legal costs insurance directive seems to be aimed largely at West Germany, where this class of business originated, and at resolving the present oan there on the same company writing both legal costs and general insurance.

in the last year or so the insurance industries of the Nine have become more closely involved with EEC policies on consumer protection and competition, and hence in the question of the pricing of services. This trend in Brussels poucy development has unfortunately coincided with economic recession, which is producing quite severe competition within European national insurance

On the long-term side of the business—life assurance, in-sured pensious and annuities considerable variations have developed between EEC member-countries in the real cost of protection and the return on policyholders' savings: last year a European consumer organisation discovered that LK life policies were the most costeffective by a significant margin.

markets.



Galileo Galilei, 'Discourses', 1638

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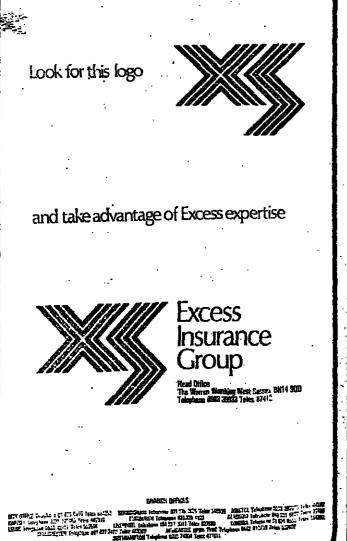
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may well look back on 1979 as suffered losses of \$22.8m, and should help their finances later. down cycle has kept premium medium-sized insurance cor Aetna, the country's largest property damage company, lost \$26.2m, of which \$23m was on the one hand and regulatory directly attributable to David breakthroughs like the estab-lishment of the New York In-

surance Exchange on the other. The big losses were caused mainly by Hurricanes David and Frederic, which smashed their way through large parts of the southern and eastern U.S. in late summer. Although David got the most publicity because of the havoc it wrought in the Caribbean, it was Frederic which caused the most damage in the U.S. The total insured losses turned out to be \$752m, surpassing the previous record of \$715m set by Hurricane Betsy back in 1965 — though

These losses came at an awkward time for the U.S. insurance industry which is entering one of its periodic downturns. Although most of the large companies managed to keep their heads above water, several reported sharply reduced third quarter profits. Contin-

in real terms of course Betsy

must still be rated the leader.

with record catastrophe losses

Fortunately, though, the third quarter coincided with a surge in stock prices which took the Dow Jones industrial average above the 900 mark, and brought the insurance industry some sizeable securities gains to offset their catastrophe losses. INA, for instance, reported securities gains of \$5.2m compared to a loss of \$11.6m in the corresponding

period last year.

These results were a strong vindication of the insurance industry's claims that this downturn would not be as bad as the last one in 1974-75, pre-cisely because companies had deployed their resources better and had stronger reserves.

Whether those claims will hold for the fourth quarter is a different matter. Only six days after the quarter opened the Federal Reserve Board introduced its new credit policy, which triggered off a sharp increase in interest rates and one of the worst dives the stock market has ever seen. There are plenty of indications that the institutions did not join the panic was caused mainly by small investors), in which case they will have taken large paper also had a golden opportunity to buy stocks cheaply and to year is intense public scrutlary Most recently, Britain's Sun lock themselves into high yield- of its finances. Partly because Alliance spent nearly \$50m buy-

immediate effect was a sharp rise in yields on fixed income securities. We are continuing our programmes of investing the flow of the property damage business primarily in tax-exempt bonds, and of the life business in mortgage loans. and private placement corporate bonds. The higher yields will have a favourable effect on investment income."

Holding

But while the catastrophes exaggerated the down-trend in property damage insurance, other lines of business like life and health insurance appear to be holding up. The experience at Aetna, probably America's most broadly based insurance com-pany, is fairly indicative of the trend. Its third quarter report said that pre-tax underwriting profit on the property account in the first nine months was \$75.9m, down 45 per cent on last year. But group life, health and pension revenues were up to 25 per cent to \$4.5bn. Individual life health and pension revenues rush to get out of stocks sult Aetna expects year-end (brokers reported that the figures to show on balance

One of the problems that the insurance industry is pleased not to have to grapple with this Casualty of Minneapolis.

of the Travelers Corp., said of the fed's credit package: "One immediate after the fed's credit package: "One immediate after the fed's credit package one immediate after the fed's credit package of the fed's credit package."

headlines, insurance premiums are not the political issue they used to be. But the rising cost of such items as car repairs and medical attention are a major concern to the industry, and are expected to erode profit margins. INA reported that its com-

bined ratio (of losses and ex-penses to premiums) had risen in the first nine months from 99.8 per cent last year to 101.9 per cent this year. Although this is by no means alarming, it illustrates a trend which is expected to take the ratio up to 103 or 104 for the industry as a whole.

However, the fundamental soundness and asset strength of the insurance industry has been amply demonstrated by the flattering takeover interest from abroad. Taking advantage of the weak dollar to buy into the U.S. market, several European companies have made some quite sizeable purchases this year. Last March Nationale Neder-

landen, the leading Dutch insurance company, made a successful \$350m bid for Life of Georgia, one of America's largest life insurance companies in the south west. Shortly afterwards, Allianz of West Germany waded in with a \$370m bid for Fidelity Union Life Insurance and North American Life and

Mr. Morrison Beach, chairman increases to a minimum, and pany best known for its pr perty damage, marine and bon-ing business. Sun Alliance sa: it might buy more Chubb stoc later, though it did not have ar plans for a takeover.

Internally, too, there has been dozens of takeovers in th past two years. Most of there are quite small and result from consolidation moves by mine companies. But some of the larger ones, like Lincol National's \$122m bid for Security Connecticut, an Southern Pacific's \$258m bid fo Ticor, the country's largest titl insurer, are signs of a majo shake out in the industr Aetna's purchase of America Re-insurance Company was als

an eye-catching diversification The industry is also exper menting with new ideas, but is too soon to say how succes ful they will be. The muc publicised New York Insurance Exchange has been delaye because of various regulator problems and failure to fin premises. Meanwhile, the Stat of Illinois has embarked on similar scheme, designed to fre the insurance industry from some of the regulatory shackle which have hampered growth. If both get off ground and are a resoundin success, they could in the longer term pose something of a cha lenge to Lloyd's of London traditional supremacy, thoug their opening business expected to be tiny comparison.

David Lascelle

Life Offices

Pensions the spearhead

on company pensions business for much of their growth over the past three decades. At the end of 1978 they had pensions mated at least £10bn out of total funds grow in size and as funds in the ordinary branch of

This dependence on pension scheme business has arisen from the system of providing pen- of managed funds run by life the basic State pension on who have provided most of the pension that their employees will receive, through the medium of a company pension scheme. The role of the State had been confined to providing a basic flat rate pension at a low level. This is in complete contrast to most other European countries where pension provision is very much a State responsibility.

But last year saw the introduction of the new State pen-sion scheme, which, when it reaches maturity in 1998, will provide a pension related to the level of an individual's earnings and will approach the level of

However, this move has notas once feared—meant the displacement of life companies from their role in providing company pension schemes. The design of the State scheme offered employers the choice of putting their employees fully into the State scheme, or contracting them out into a company scheme. In the event over 20.000 employers, double the number expected, contracted out around 12m employees—a tribute to the reputation of life companies in the pension field.

Boom

Thus 1978 was a boom year for pensions business and the life companies received their share —both from new schemes being set up and from benefits being improved on existing schemes.

Total new premiums received advanced last year by 41 per cent from £617m to £872m.

But this boom is likely to be

a one-off benefit to life companies. The introduction of the new scheme meant that all employers had to decide whether or not to set up a com-pany pension scheme. Those who have gone into the State scheme are not likely to contrac out at some future date. Life companies can in future expect very little new company pen sions business by way of new schemes. Future growth wil come from improving the benefit levels in existing schemes. Pensions are related to final earnings and new pre miums will increase in line with earnings inflation as benefit levels are topped up each year. The role of the life companies

in these company pension schemes is also undergoing change. In the past the life companies did everything under what was classified as insured schemes-benefit levels carried a high level of guarantee, investments were in a commor pool and the profits on those investments were used either to improve benefits or reduce the company's contribution. The employer had little or no involvement other than provide data and pay the premiums.

But over the past decade or so there has been a trend for the company, and the trustees who run the pension scheme, to

UK life companies have relied become more involved in their collected for executive pensions did the value of his unit pension scheme. There is a need to identify the funds assets, and to have some control over the investment policy. This trend is likely to accelerate as employees and their trade The market for self-employed unions become more involved in pensions has never realised its

these schemes. In this companies. These are essentially retirement, even under the the investment income automatically reinvested. The pension fund does its investment by buying units in the There are a variety of funds available covering a wide spread of investments-UK and overseas equities. property, fixed-interest, cash and so on. The managed funds run by life companies have now reached £3bn of which Legal and General the largest company in this field, has funds totalling

> With the company pension field comparatively static for new business, the life companies have turned their attention to the executive pensions field and self-employed pensions market. Official figures are not

since many life companies aggregate this business with company pensions. But many life companies have been reporting premiums more than double for this type of business.

true potential despite the fact This has led to the formation that the self-employed only get is growing steadily. Annual premiums in 1978 advanced by 46 per cent to £79.5m and single premiums by 28 per cent The past decade has also seen

complete revolution in the use of life company products as savings media. Before then of single premiums. almost all savings was transthrough endowment assurances on a in 1979. It is expected that regular savings basis. The introduction of the unit-linked concept added a new dimension to life company savings.

The introduction of unitised principle meant that now accepted the linked the inventor was closely identified with market movements. In the past two years have When the market went up so entered fully into this field.

ment guarantees, the invest ment manager has more free dom to invest and offer a highe return than with traditions with-profits. The investor unde unit-linked has greater flexibi lity over the timing of cashing in his investment.

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Unit-linked business in 1978 accounted for one-fifth of new annual premiums and four-fifths almost all pure savings, outside that sold by agents of the home service companies, will in future be unit-linked. Most the traditional life companies have CONTINUED ON NEXT PAGE

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Capital Structures

Pinning the base

proved to be a traumatic cent. Sun Alliance had a margroups experience for insurance companies in both the UK and the US. Over that period two major events occurred in conjunction-roaring inflation and not operate unless it has a an equity bear market, both sound capital base that expands

insurance companies were in keen competition for business it was considered that premium income was as important as sound underwriting. Investment of non-life funds was heavily orientated towards equities on the grounds that they provided a hedge against inflation. But when the crunch came, insurance com-panies found that their liabilities were rising rapidly with inflation and at the same time the value of the assets covering those liabilities was

experience was that insurance companies had to reappraise taking over an investment trust, their methods of operation. The CU took over Estates They had to repair their capital House Investment Trust and base and to ensure that it would

the trends in solvency margins of the seven major U.S. composites over the past seven years. The solvency margin is the shareholders' funds average margin was 72 per for Royal Insurance to 58 per cent for Commercial Tieffer Royal Insurance to 58 per cent for Commercial Tieffer Royal Insurance to 58 per received a £30m cash injuntation This was a healthy picture with Life. no indication of the trouble The ahead.

happening on a world-wide with the growth in business—scale.

Ahead of this period, new business or from both.

The UK insurance companies first set about repairing their capital base by raising fresh equity capital. All the seven major composites—plus the two largest life companies with strong general insurance busistrong general insurance ousness, the Prudential and the Legal and General—raised capital this way. The Commercial Union (CU) started the ball rolling at the end of 1974 and the others followed during 1975 and 1976. CU, in fact, had two bites of the cherry with a further rights issue in 1977.

The capital hase was also re-

The capital base was also re-aftermath of this paired by what has been ce was that insurance termed pseudo rights issues the Pru took over Standard expand to meet all likely demands in the future.

The extent of the problem can be seen from a study of the trends in solvency margins the trends in solvency margins.

The trends in solvency margins own shares. An insurance company get the assets of the trust, mostly equities, in exchange for its own shares. An insurance company get the assets of the trust, mostly equities, in exchange for its own shares. pany cannot expand its capital base by raising loan capital, since this is classified as a debt. UK insurance companies since 1974 have raised £437m

The capital structure of most U.S. insurance companies is

groups took this route. The leading insurance company, Aetna, raised a \$250 tranche of borrowing which was converted to

Certain UK insurance groups have now reorganised themselves into this form-Prudential Assurance is now controlled by the Prudential Corporation and L and G and Eagle Star have also taken this route,

Exposure

The CU and Royal, with their high U.S. exposure, drastically pruned back their business in the country to cut out the un-profitable agencies. Premium growth slowed down, but the accounts returned to profitability. However, the success achieved by the seven UK composites in generating capital internally has been patchy. The annual survey of composites published by stockbrokers L. Messel shows that percentage increase in opening free reserves from retentions over the period 1976-78 varies from 54 per cent for General Accident to 28 per cent for Sun Alliance.

The Rowe and Pitman analysis of the UK composites considers that the companies ve been remarkably successful in the past two years in achieving high levels of retentions. But it warns that if companies wish to retain solvency margins around 50 per cent, the industry needs to retain around 7½ per cent of premium income.

The U.S. insurance groups have managed to stabilise their capital base and operations. An analysis by New York stock-brokers Coming and Company By 1974 the average margin such that their equity is held brokers Conning and Company Dividends should increase in had dropped to 26 per cent, with by a holding company that show that the ratio of premiums line with the market and at Royal's margin the lowest at 18 itself is not an insurance comper cent and the highest being pany. Thus the holding com-Sun Alliance with 34 per cent. pany can raise cash by issuing By 1977 the position had been bonds and then subscribe for 2.2 in 1978—a solvency margin restored somewhat with an equity in the insurance com- of 45 per cent. But the com-

panies are not back to the pre-1974 level of 1.6. The ratio of loss reserve to surplus-a measure of how far a company can accept losses above those anticipated without getting into financial trouble—has held at around 1.9. A figure below 2 is regarded as acceptable.

The third corrective action taken by the insurance companies was to change their investment strategy to adopt a more conservative approach. The commitment to equity-type investment was reduced and more invested in short-term fixed-interest bonds. The experience of the UK composites shows 2 dramatic turnround on the investment portfolio.

In 1973 CU had investment in equities and property amount-ing to 218 per cent of the free reserves. In 1978 this propor-tion had fallen to 87 per cent. Royal had 183 per cent in 1973 and had reduced this to 98 per cent by 1978. But some compo-site groups still feel able to hold more than 100 per cent in equity-type investments. Eagle Star still has 140 per cent.

Insurance companies are still holding a portion of their assets in equity-type investments, since these can still provide a hedge against inflation over the longer term. The capital appreciation is a further source of expanding the capital base. Rowe and Pitman estimate that this has grown on average by 2 per cent per annum of the premium income.

The UK insurance companies have been able to get their capital bases back to normality without bitting shareholders significantly, although dividend to make a further call on shareholders for capital.

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Risk Management

Premium on prevention

SLOPPY THINKING and lax cept of "human error" as a posmanagement have led the world sible cause of aircraft crashes. to overestimate the extent to which accidents are caused by pure chance. This is the funda-mental assumption of "risk ing conditions were at fault, or management," perhaps the most fashionable concept in insurance today. Risk management is not so much a particular technique as a corporate state of mind. It is easiest to pin down by antithesis. Phrases such as "accidents will happen," or "the foreman just made a mistake" or "the insurance always pays up" will never pass a risk manager's

If a ship hits a reef on the open sea in broad daylight, it is clearly not good enough to say that this is an Act of God. But, for the risk manager, it unsatisfactory to the accident by equally unsatisfactory proving that the captain was drunk. "Why was there rum on board?" the risk manager will ask. How did a drunkard come to be captain? How are seamen appointed? How are people responsible for

appointments trained? Risk managers spend much of their time following lengthy chains of cause and effect, explaining the inexplicable and, ultimately, apportioning blame. The U.S. Air Force, for example, has officially eliminated the conIf a pilot has made a fatal mistake, it is presumed either that that fail-safe devices, safety procedures and monitoring instruments should have been incorporated in the flight design to avert any disastrous conseshould an error be

Purpose

The purpose of this kind of analysis is not just to find scapegoats but to devise methods of reducing the probability of disaster. Obviously the surest way of reducing risks is to stop doing anything dangerous. Indeed this is just the solution to nuclear risks that the antinuclear lobby is advocating all

were the world. However, for most potentially dangerous activities, such as flying, it is almost universally accepted that the benefits outweigh the dangers involved. Striking the same balance between the benefits and costs of taking thousands of more mundane business risks is in fact the essence of the risk manager's job.

Insurance buying is the simplest form of risk management,

becomes more sophisticated, a recognition is developing that insurance is no substitute for detailed analysis and costing of risks. For although an insurance company will assume the whole of a risk in exchange for its premium, it will usually be much more economical for the insured to accept responsibility

for funding part of the risk him-self. The "deductible" which frequently written into all kinds of insurance policies gives the insurer a guarantee that the insured will take precautions against losses and allows the sured to save premiums by keeping the part of the risk which he can afford to finance from his own resources.

This rudimentary form of risk management, practised by every car driver and house holder, illustrates clearly the two sides of a risk manager's role. On the one hand is "risk analysis," which ensures that all risks are accounted for and trade-off between loss control and risk-taking is set at the appropriate level. On the other is "risk funding," the financial problem of decidhow much of its exposure risk a company can bear itself and how much has to be funded in the insurance market.

Companies that take risk management seriously have to accord their risk managers a senior position in line manage-For risk analysis is without the power issne instructions and apportion blame throughout the corporate hierarchy, while risk funding has to be integrated closely into the company's financial planning. And neither activity is of much value on its

Captive insurance companies have become major tools of risk management partly because they make it possible to define clearly the risk manager's responsibilities and to evaluate the benefits and costs of risk management. By creating a separate profit centre devoted to risk management, they make it easier to organise an insurance programme that relates the amount of risk retained by the parent to its financial strength. Just as important, because of their access to the reinsurance market, they force insurers to give full credit in their rating the loss control measures that have been implemented.

Because of the intensifying competition in insurance markets, modern risk management does not stop at the point where transferred to an insurance company. Insurance companies that want to retain their major industrial clients need increasingly to reflect loss control measures in their rates. The other side of this coin is

but as the insurance market that insurance companies are increasingly being forced to provide incentives for their clients to increase the protection of their risks.

> Some well-known methods of loss control such as industria protection systems are now fully reflecte: in insurance rates. This is hardly surprising, since the U.S. Fire Protection Association has estimated that sprinklers mitigate fire damage in 96.5 per cent of cases where they are installed. But many insurers have been slow to move down the road of reducing premiums in exchange for better protec tion and in some countries even realistic rebates for sprinklers were only established after : protracted struggle between insurers and their clients. The insurers' resistance stems partly from concern about losing premiums and partly from a reluctance to move away from rates. based on trends established over many

Reconsider

However, the pressure of com petition, is forcing insurers to reconsider their instinctive resistance to many aspects of risk management. At a time when rates on many lines of insurance are falling to uneconomic levels. it is being recognised that the insurance of highly protected risks and the reinsurance of cap tives, although it generate: smaller premiums than traditional industrial insurance, may well produce better profits. Insurers are also finding that. by assisting their clients in their risk management endeavours they can retain accounts which might otherwise have gone to lower cost insurers, which do not have the same capacity to provide technical services.

In fact, some insurers believe that risk management services will be as important in enabling them to compete against lowcost rivals as is manufacturing quality " for high-cost engineering industries in countries such as Germany and Sweden. Mr. Jim Bannister, chairman of Risk Research Group and one of London's leading risk management consultants, puts this proposition in its most striking form: "Insurers now have two main functions. The first is providing technical services related to the controlling of risks and the limitation of losses. The second, which should be more in the nature of a guarantee of the quality of the loss control service provided, is financing the losses which are not pre-That, in a nutshell, vented." is the philosophy of risk man-

Anatole Kaletsky

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Pensions CONTINUED FROM PREVIOUS PAGE

Scotland's largest life company, Standard Life, launched its linked operation a couple of

The chief source of traditional life business now arises in connection with the repayment of house mortgages. There is a growing use of the endowment method of repaying a mortgage as an alternative to the straight repayment to a building society. Under this method the investor takes out an endowment assurance for the term of the loan and the mortgage is repaid when the endowment matures or on the prior death of the investor.

Life companies, with only a few exceptions, have withdrawn completely from the first mortgage market. But they are becoming more involved in the top-up mortgage market. The amount lent by the life companies is limited, but the whole of the mortgage has to be repaid by an endowment assurance contract. It provides a steady source of new business and since the total amount lent is limited, it enables life companies to exercise some control

over brokers. The unit-linked potential in the UK seems endless, at least in the opinion of other overseas insurance groups. In the past five years overseas groups have been establishing or acquiring life subsidiaries in the UK. American General's launch of Albany Life has been a great success. The Swedish insurance conglomerate, Skandia, recently launched a UK life subsidiary with good initial success. In the reverse direction the

UK life companies are slowly expanding their business overseas. Premium income from this source in 1978 rose by 3.6 per cent to £794m. But this growth came entirely from premiums Europe, where premiums advanced by one-third to £285m. But the marketing of life business by UK life companies outside the UK tends to be in the hands of a few major companies, such as the Prudential, the Commercial Union, Equity and Law and the other major composites with strong

connections overseas.

INSURANCE VIII

Insurance Brokers

Increasing links with America

insurance markets has led to claim for computer leasing cut-throat competitive condi-insurances is likely to have an cut-throat competitive condiis often reducing missions even when greater activities from which they volumes of business are being handled. A large part of insurance brokers' revenues is derived from overseas markets and a strong pound and a weak dollar have depressed earnings when converted into sterling. Moreover, with most costs

incurred in the UK and inflation

accelerating, brokers' group expenses have been rising at a faster rate than revenues. It is just over 20 years since Minet Holdings became listed on the Stock Exchange, the first insurance broker with large Lloyd's interests to do so. With the exception of 1962, when there was a slight downturn, and a sluggish 1978, the group has shown an impressive growth record. That is until the first six months of 1979.

Last month it reported that pre-tax profits had slumped for the first half from £7.82m to £4.87m and the likelihood is that full year profits will be no more than £9.5m to £10m compared with £15.3m,

The picture is the same among other major brokers. The merged Sedgwick Forbes Bland Payne group, the UK's largest insurance broker, reported pre-tax profits down from £28.1m to £25.3m for the six months ending in June of this year. Willis Faber, the last UK insurance broker to go public, showed pre-tax profits down from £10.51m to £10.06m over the same period. C. T. Bowring's taxable profits fell from £19.8m to £17.9m, as did Alexander Howden's from £11.5m to £11.1m, both reporting results for the six months ending in

Insurance brokers managed before to weather the kind of trading storms which are now hitting the sector without their growth being seriously affected. But the latest crop of trading problems is unusual in that so many adverse factors are coinciding.

claims are passing through Lloyd's brokers into the Lloyd's market which could

impact on some insurance brokerage income from com- brokers' underwriting agencies' derive revenues.

> But the most significant factor on the trading front is the realignment that is taking place between the UK and U.S. insurance brokers. When two of the largest U.S. brokers Frank B. Hall and Marsh and McLennan Companies bid for Leslie and God-win and Wigham Poland of the UK respectively, they sparked off the most traumatic series of deals that international insurance brokers have ever become

Empires

For some time the Americans, particularly the large brokers, had seen only limited scope for increasing their broking empires at home in a way which would also give them wider representation abroad. They turned to UK brokers partly because of their expertise, but more important, for the comparative strength of the UK brokers' international networks, the link to future

Another important consideration was uppermost in the Americans' plans. As they produced such a large amount of premium for Lloyd's and the London companies they felt they ought to have a bigger say in the London market. The other commercial argument of the U.S. brokers pointed out that arrangement. they provide substantial business for Lloyd's of London brokers which is eventually placed at Lloyd's. Lloyd's, they took pains to emphasise, oper-mutual co-operation and good-ates a restricted market in that will—is still regarded of paraall business placed with underwriters in its market has to be channelled through an approved Lloyd's broker, and the commission is shared. Since the U.S. brokers claimed much of the credit in securing the business initially for Lloyd's surely, they

missions?

were not in the least dismayed by these arguments. They had realised for some years that to compete effectively for the large insurance accounts of multi-national companies they had to have organisations of appropriate size to service these accounts. And to gain new business in the future as well as protect existing business in very competitive conditions, it was important for UK brokers to attempt to get closer to their clients in their principal market, the U.S., which produces more than half of the world's non-life insurance

Formalisation of a link with top U.S. insurance broker was the ideal solution, since com mercial dealings between the UK and U.S. brokers already often stretched back some years.

But Lloyd's itself complicated the arrangements. It would not allow an insurance company, an underwriting agency or a non-Lloyd's broker normally to hold more than 20 per cent of an established Lloyd's broker. The underlying motives were purely protectionist so it was not surprising that the U.S. brokers were mightily annoyed by curious statements by Lloyd's referring to the need "to ensure that all Lloyd's brokers remain genuinely independent" and the importance of establishing some control in the market.

So rather than a series of conventional mergers taking place co-ordination is planned between the business of the UK U.S. brokers, usually through a profit pooling

But giving a more formal character to historic links with the U.S.-which have hitherto had a much looser basis of mount importance by UK brokers, although some have chosen a more simple route. Early this year Willis Faber announced that it was planning a series of joint ventures with its long-standing partner Johnson and Higgins of the U.S. And argued, they were entitled to a as a practical gesture towards New York Insurance Exchange. larger proportion of the com-U.S. market, Willis announced the trends are ominous. The

TRANSATLANTIC PARTNERS

		·
UK broker C. T. Bowring	New U.S. link Marsh and McLennan (pooling arrangement)	Old main U.S. links Marsh and McLennan, Alexander and Alexander, Frank B. Hali
L. E. Heath	=	Rollins Burdick Hunter, Alexander and Alexander
Hogg	Markel Service Inc.	R. B. Jones, now part of

Alexander and Alexander (HRG has taken a 30 per cent stake) Corroon and Black Fred. S. James (joint Alexander and Alexander Alexander Marsh and McLennan venture company for NY insurance

Corroon and Black Fred. S. James, E. H. Crump, Minet (pooling arrangement) **Emmett and Chandler (part** of the Pinchurst Group)

Alexander and Marsh and McLennan, Sedgwick Alexander (pooling arrangement) Frank B. Hall Bland Payne Continental Corporatn. North American presence (which has taken a 20 through its link with er eent stake in Canadian broker Reed Shaw

Marsh and McLennan, Alexander and Alexander, Frank B. Hall

Leslie and Now part of Frank B. Hall with the Lloyd's Godwin interests controlled by Rothschild Investment

Willis Faber Joint ventures with Johnson and Higgins, Guy Carpenter, a subsidiary of Marsh and McLennan Johnson and Higgins

Lambert Glanvill subsidiary of Charterhouse

that with Johnson and Higgins it was planning to form a com-pany to introduce underwriting members to the New York Insurance Exchange, group those members into syndicates and manage their affairs.

Alexander Howden and Fred S. James of the U.S. got together later to participate in the New York Insurance Exchange in the same way that Willis and Johnson had done.

Continental Corporation of the U.S. took a 20 per cent shareholding in Stenhouse Holdings of the UK. Continental Corporation is the sixth largest property and accident insurance company in the U.S. and the relationship with Stenhouse is expected to benefit the UK group. Like Howden and James and Willis and Johnson, Continental and Stenhouse announced last month that they had formed a joint management company to participate in the

new order that is emerging of large, powerful groups could leave little room for the medium-size broker to thrive.

Frank B. Hall

Corroon and Black

Some of these brokers are taking a more positive view. They are watching the distribution of business volumes. broking company which is going through a massive programme of reorganisation and upheaval could lose a few dissatisfied clients and important accounts.

Already C. T. Bowring is fully stretched trying to absorb the vast flow of business that it is receiving from its link with Marsh and McLennan of the

But large accounts are being uprooted by the U.S. brokers who have formed more formal links with a UK partner from their established UK correspondents and this has all added to the gloom about trading prospects for some of the major insurance broking groups who bave not forged such links.

Liability Insurance

Scale of awards goes soaring

vices. Their expectations rise combined ratio. in proportion to the amount of not satisfied the more likely they are to get in touch with their lawyer.

On this basic truth is founded the principle of liability insurance. Lability insurance protects manufacturers, professional people such as doctors and accountants against their legal hability for omissions or acts causing bodily injury or disease to third parties or loss or damage to their property.

As real incomes have risen cople have to be paid more for injuries that keep them off work. As industries and busiesses become more complex it

which includes medical malpractice, legal malpractice and products liability, was one of the worse parforming lines of insurance in the 1970s.

Rapidly widening interpreta-tions of liability and awakening consumerism did not help. The Consumer Products Safety Act was signed into law in October 1972 and its enactment was the culmination of a study conducted by the National Commission on Products Safety. That report in 1970 estimated that 20m Americans were injured each year as a result of inci-dents connected with consumer products. Of the total number injured 110,000 were permanently disabled and another 30,000 were killed. The annual cost to the mation of productrelated injuries was estimated in excess of \$5.5bn. In that climate of awareness

court awards rose dramatically, creating a loss explosion which was nearly impossible to predict or evaluate. From 1970 to 1976 general liability operated from a low combined ratio (i.e., the ratio of losses and loss expenses incurred to premiums earned, plus the ratio of expenses incurred to premiums written) of 102.6 per cent but climbed to a dizzy 124.7 per cent and averaged 112 per cent during

Finally, severe premium rate increases and extremely restrictive underwriting took hold in surfaced in the late 1960s and

alth they acquire. If they are court awards during that period amounts claimed run into came to feel that juries based awards not on the principles of

> supplier was judged liable for \$5.3m after a young football player was paralysed by a neck injury during a game. It was the highest award over a sporting goods product.

The Consumer Product Safety Act gave protection against un-reasonable risks of injury associated with consumer products. The underlying philosophy was that the right to safety was a is likely that manufacturers or traditional consumer right accountants errors will increase, which would be protected by In the U.S., general liability government if necessary. One of the proposed measures involved double or triple damages for

injuries resulting from knowing violations of Federal standards. Moreover, the procedure in merican courts whereby lawyers share part of the plain-American tiff's award has created an unusually aggressive approach towards suing suppliers and

manufacturers. Huge liability awards are not confined to the U.S. As the principle of strict liability for product manufacturers becomes adopted-whereby the manufacturer as well as the seller is to be held liable for damages without proof of negligence if a defective product is placed on the market and causes injuryso the claims are rising else-

But some insurance specialists feel that one of the primary reasons for the dramatic escalation in the size of judgments and awards has been the sympathy of juries. The frequent absence of juries in overseas courts could be a stabilising factor for the future.

The more difficult liability claims can prove very costly. Disease caused by asbestos has prompted about 5,000 claims in the U.S. Workers who have contracted the disease through employment have brought action directly against the manufacturer of the item containing

AFFI-UENT SOCIETIES expect 1977 producing the first profit the first action was brought in a lot from their goods and services. Their expectations rise combined ratio.

1977 producing the first profit the first action was brought in a lot from 1974 onwards. About 500 Those at the receiving end of cases are arising a month. The billions of dollars.

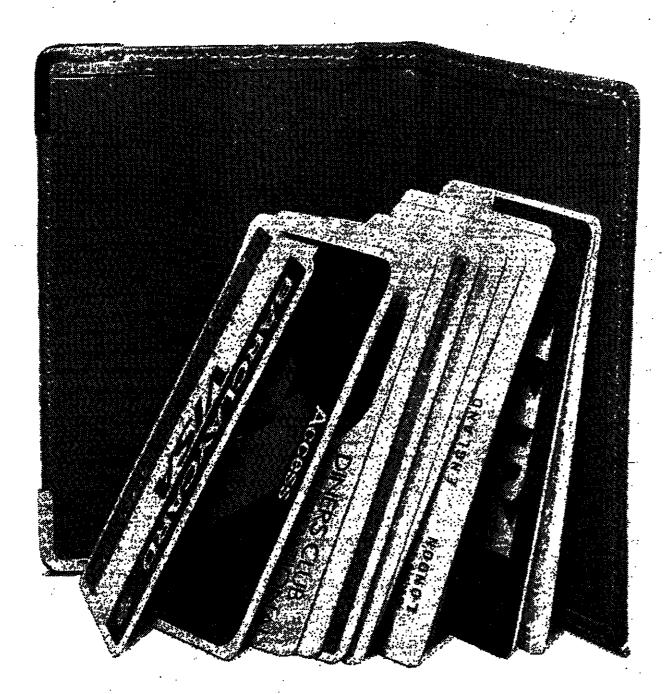
The liability boom is likely Hability, but on the manufacto mushroom for some years turer's ability to compensate the to come as more exotic claims injured party. are made against of companies
In one instance a helmet and steelmakers, for negligance
supplier was judged liable for against lawyers and architects. and for discrimination against employers. Insurance compa and insurance brokers are offer sued for negligence now.

The time lag in majoractice and products liability claims can be enormous. At the end of the first year in malpractice liability there could be 80 per cent of the claims still to come, One insurer which had with drawn from the malpractice business for over 20 years found that two new claims had just arrived. Protracted court cases after the claims have been reported can also confound assumptions.

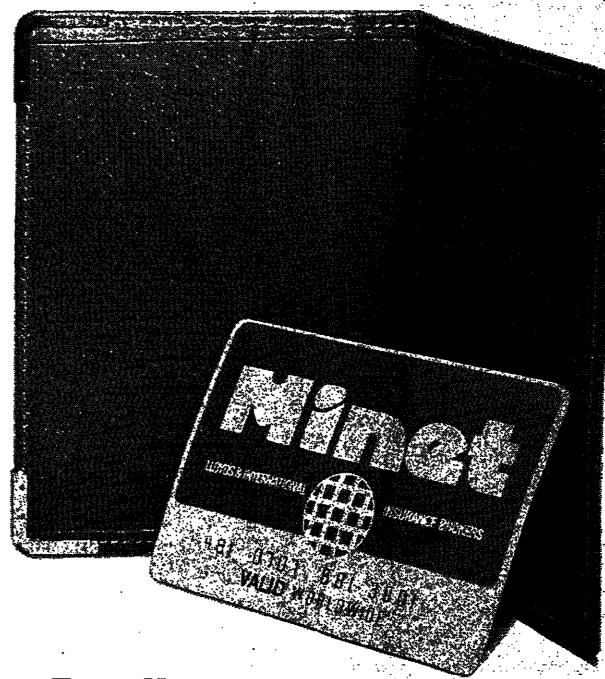
Those insurers of ilability husiness who feel that they can ride out any storm on the back of investment income from reserves could have a nasty surprise particularly if their assumptions about have been incorrect.

There are worrying sug-gestions that the liability specialists intend to exploit the innocent capacity, or inexperisupport during the lean times. As captive insurers are forced to broaden their portfolios they may take on an increasing amount of liability business. Foreign insurers, with an eye to boosting revenues in the U.S. market, may take on an increasing amount of liability business. anticipating paying future losses with less expensive American dollars.

Existing reinsurance syndicates in London and the U.S. would be willing; and then there are the new insurance exchanges which are emerging. Perhaps in an effort to get off the ground they will be willing to accept the more difficult liability cover ages through reinsurance. They could come unstuck if they are not more skilled than the primary liability underwriter.



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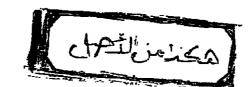
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The accounting revolution hots up

THAT POP on November 6 was taxation of business profits of Some of these should create no not a late-firework. It was the starting gun, fired on this occasion by the Governor of the Bank of England. We are off, and devil take the hindmost.

The Governor was speaking that evening at Chartered Accountant's Hall to the Institute for Fiscal Studies. For that venue, and in the face of That congregation, he had chosen as his subject, "Com-panies, inflation and taxation." He could reasonably expect a knowledgeable and receptive audience. They may not have been expecting the clarion call he blew. Inertia is no longer acceptable. He, and the authorities generally, want movement, and want it fast. The event he was purposefully setting on foot was the stampede towards current cost accounts, not only for financial reporting but as the basis for corporate taxation.

Warning guns had been fired by Mr. Denis Healey in his April 1978 Budget, and by Sir Geoffrey Howe in June this year. But the phraseology with which the latter broached this subject gave little indication of any sense of urgency: "Looking further ahead, however, it is important that the tax system should take account of the effects of inflation on businesses, and do so in a way that is reasonably objective, equit-tible and simple to administer. The Government will therefore be reviewing this matter along with the accountancy profession's latest proposals for current cost accounting. I am arranging for the Inland Revenue to consult the accounting profession and business later

That time has come: the Governor rammed this point some. "My aim tonight is to proprietely adjusted company

Mr. Richardson did stress that for monetary nems. His stateiccounts for management and he was not producing firm conseporting purposes; and second clusions, but rather clarifying these is penetrating and protie possible implications for the where the practical issues lie.

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this development in the accounting system . I believe also instance has been a source of that it is of great importance increasing concern to the Inland for business to adopt accounting procedures that remove the distortions which arise in accounts a rapid response to the crisis in when conventional accounting practices are followed in infla-tionary conditions for which they were not designed; and that the system of taxation should take due account of such distortions."

The Bank believes that the current cost accounting proposals, put forward in Exposure Draft 24 by the Accounting Standards Committee, are close to general acceptance. For its own part, the Bank has told the committee that its general view is that the draft should be adopted with only minor modifi-cations. So much was probably well known before the Governor was the authorities stance on

Implications

The Inland Revenue, under the guidance of Lord Cockfield, has been considering closely the implications of changing the historic base of business taxa-tion towards an inflation adjusted base. The Bank is associated with these studies. It was clear from the Governor's remarks that they are much further advanced in these efforts than had been generally

The Inland Revenue has indeed been leaping and bounding shead: as we will see below, they have even been able to estimate the effects of some

crime. That can be accepted

only if the prohibitions have been defined with such a degree

of clarity and certainty as

makes it easy to decide whether,

in particular circumstances, a

projected course of action is or

is not prohibited; and, as any

breach of the prohibitions is a

crime, the boundary between

what is and is not prohibited

must not be defined so as to apply the prohibitions to activi-

ties which ought not to be

The draftsmen have done

Revenue and to businesses since it was first introduced as corporate liquidity. It has never differentiated volume changes from those in prices. It has also provided vast amounts of tax relief to companies which commonsense might have classed as undeserving - those whose stocks are financed by their suppliers rather than out of their own cash resources. The Revenue appear to be welcoming warmly the prospect of a "cost of sales adjustment,"

in volumes. The cost of sales adjustment could be substituted for stock relief, soon and alone: it need stood up. What was not so clear not be part of a larger package of current cost adjustments. If this were to be the course adopted, the Inland Revenue anticipates three probable effects.

The levels of relief could

which focuses on price changes

and does not become entangled

fluctuate more widely from year to year than the existing stock relief, because price movements would no longer be compensated by volume changes. Second, and significantly, the relief would be distributed differently-manufacturing industry would tend to benefit at the expense of other sectors. Last, and at first glance most surprisingly. the relief could be expected to be more generous. The reason put forward is the removal of the present restriction of stock relief by 15 per cent of profits.

Although replacing stock relief with a cost of sales

EXAMPLES OF CURRENT COST PROFIT AND LOSS ACCOUNTS, SHOWING PROPOSED ED 24 ADJUSTMENTS Peofit before interest and taxation as in the Current cost adjustments: Cost of sales Monetary working capital Additional depreciation CURRENT COST OPERATING PROFIT Current cost profit before taxation CURRENT COST PROFIT ATTRIBUTABLE TO

Retained current cost profit for the year

relief for the latter. The argument is thus that its taxable capital adjustment in the tax capacity should be increased by

this real gain." In relation to the necessity or mear proposals upon the distance of the business community.

or mear proposals upon the distance of the proposals would benefit or disadvantage different sectors of the business community.

The Dishards of different sectors of the business community.

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The Dishards of different sectors of the business community.

The Dishards of different sectors of the business community.

of profit and loss fail to take keep their bases topped up. Mr. into account the change in the Richardson is a banker, his real value of corporate mone phraseology reflects this, and tary assets and liabilities as a his utterances always show that result of inflation. A company he is well aware of the needs that is a net debtor gains from and virtues of banks. Where inflation as its debt diminishes this logic led him, and perhaps in real terms, and indeed, to the may also lead the Inland extent that interest includes an element of real debt repayment: recognition of "the case for company even enjoys tax seeking to introduce something close to a monetary working

400

system. the Inland Revenue's leaping and bounding should be closely studied and analysed. There is adjusting the tax base for monetary items. But the words

cover all financial items, as higher costs of replacing stocks. ED 24's gearing adjustment is a for both a monetary working tal adjustment deals with the capital adjustment relating to monetary items in working the Governor's words it might at net trade debtors and creditors, capital—generally taken to be first appear that the Inland and a gearing adjustment which trade debtors and creditors Revenue's study group had leapt takes account of other elements only.

in a company's debt." Read as it stands, this seems to imply stocks financed by its suppliers, what it was that the Governor that he saw the gearing adjust-ment as just another adjustment for monetary items—calculated otherwise similar to monetary working capital adjustment. This is not, of course, what ED 24 envisages.

clear what gearing really means. re-explain however briefly the ED 24 philosophy is working capital and fixed is to risk the loss of half one's readers through boredoom and the other half becoming infuriated by over-simplification. But this is perhaps the first explanation which lays it all at the door of Adam Smith.

ferentiate fixed and circulating adjustments designed to precapital. "Fixed capital is what serve real earning power. Howthe owner turns to profit by ever the shareholders' distribut-keeping it in his own possession, able profits do not need to be

masters."
ED 24 draws just such a horizontal line across the ings will remain constant. The balance sheet, using the ter gearing adjustment therefore minology working capital for the items below it, although not But it is in this direction that requiring that any label be affixed to those above. It is the items constituting working capital which turn over in the certainly a case to be made for course of the business's operations. If these operations are to be continued at the same real

ED 24 proposals. And the monetary working capi- calculation of gaiπ or loss on

the cost of sales and monetary working capital adjustments should largely cancel out. But on different borrowings but this is the company we have already identified as "undeserving" of the present stock relief -it has no better case for a course, what ED 24 envisages.
What Mr. Richardson had in taxable profits. There is a univities was rather different. And current cost adjustment for depreciation, which we will contain the appropriate at "current cost" reduction in its able his projected adjustment sider below; it is appropriate at would be, we must be absolutely this point to revert to the gearthis point to revert to the gear-ing adjustment and its function.

The operating capacity (that

assets) of most companies is supported in part by shareholders funds, and in part by borrowings. The profits generated out of that operating capacity are calculated after he door of Adam Smith. deducting the whole of the He was one of the first to difable profits do not need to be The Governor ultimately so heavily restricted, if they can turned to depreciation of fixed and circulating capital is what he makes profit of by parting with it and letting it change with it and letting it change with it and letting it change to increase that the ratio of the current cost adjustment which steps up that charge to " releases " a part of the current cost adjustments back into the profits attributable to shareholders. This part is the propor-tion "borne" by the lender (through inflation) of the pre-

There has been protracted and acrimonious debate in the capacity is thus to be preserved, accounting profession about this gearing adjustment, and how be admitted.

other companies were as which need to be replaced in valid and vital it is: But none follows: "This suggests the "real" terms. The cost of sales of these noisy wranglers is need for adjustments that adjustment allows for the under the impression that had in mind.

> He appreciates that if the monetary working capital adjustment is simply based on trade debtors and creditors, the undue difficulty be manipulated at the balance-sheet date. Tax advantages so obtained would be just as "undeserved" as any stock relief ever was. One way in which the Inland Revenue envisages combating such an abuse would be to allow in the tax computation not the full monetary working capital adjustment, but that figure restricted by its own proportion of the gearing adjustment, i.e., in the example: 100-(100 x 370. 1,510) equals 75!. Any mathematician would be shocked by the conceptual validity of this idea—and Adam Smith will no doubt turn in his grave, too.

The Governor ultimately ED24 assumes that the ratio of which steps up that charge to shareholders' funds to borrow- provide for replacement of the assets concerned. Because in this and in other proposals he outlined, he made it clear that total tax yields would not be significantly altered, the only practicable solution was to continue the current levels of first year (and initial) allowances based on historic costs of assets. vious restrictions made against Then, only to the extent that there remained thereafter an undepreciated balance of cost, could replacement depreciation

failure of the Government to support the woollen and textile

industries, and on cuts in BBC External Services.

Commissioner for Administration

and Commissioner for com-plaints, Northern Ireland, Room

Letters to the Editor

Insider dealing

From the Secretary and hief Executive, astitute of Chartered

Secretaries and Administrators Sir.—The Government's proiosals for making insider dealng a criminal offence will horily be considered at the ommittee stage of the Companies Bill which is before the regarded as criminal. louse. The Institute has always. apported the principle; but we their best; but, as an addition eel it is necessary to advise to our criminal law, the result proposed, company directors are not, prohibited is set so ver ikely to be "insiders" within he meaning of those clauses as offensive, activity will be or 24 hours a day and 365 days

Although the defence clause s adequate (no change from the ast Government's draft) and prosecutions will have to be nitiated by the Department of Frade or the Director of Public Prosecutions, the fact remains that no director can be advised, if these clauses become law that he will be safe from complaint, accusation and even prosecution if at any time and in any circumstances he deals in his company's shares - a far more serious constraint than the Stock Exchange Code provides.

The experience of our memis that directors are generally scrupulously careful, even over-careful in this matter. effect of the clauses is therefore likely to be that directors will be disinclined to hold shares in their own companies or inhibited from dealing in them, if they do maintain a

tutionally

sive, you can rely on the Secre-

tary of State and the DPP to

Creation of a new criminal

offence on that footing is rightly

categorised as monstrous. Pro

for themselves and for us.

dangerous

criminal law.

tests against the proposal to

protect you from prosecution."

It is therefore a matter of urgency that an exemption clause should be devised and introduced which will allow directors acting bona fide to hold shares in their own com-panies and to have a reasonable opportunity to buy or sell such shares. If such a clause cannot be devised, it is possible. that the whole idea of making insider dealing a criminal offence will need to be dropped in the interest of the honest.

We seek to draw attention to this situation which we cannot believe the present Government intended to bring about

16, Park Crescent, W.1.

From Mr. L. Price OC

Directors conduct

Sir,-I have read the Department of Trade's consultative document of October 22. According to that document Government considers law; but, even if satisfactory that insider dealing should not be devised, that would not made a criminal offence at justify an unprincipled and the earliest opportunity." The argument in favour of this policy was summarised in the 1977 White Paper "The conduct of company directors" but be enacted, the only practical the argument cannot persuade legal advice to directors and if it leaves out of account the others would be that they must difficulty of achieving a satis- not buy or sell shares in their and will have no dependants—a factory definition of the pro- company. That would be a total increase in the population attempt to provide that definition was not satisfactory; and the re-drafted provisions in the consultative document remain, in my opinion, fundamentally unsound and unaccept-

Any breach of the proposed prohibitions is to be a criminal offence, attracting criminal opposed.

penalties of considerable Leolin Price.
severity and the stigma which
severity and the stigma which properly attaches to any Lincoln's Inn.

Talking to your colleagues

From the Director General Institute of Marketing

Sir,-The importance of effective communication with employees was repeatedly stressed at the CBI conference but, while most speakers agreed that more should be done at company level to get the business message over. no-one put forward any new ideas on the methods by which management should tackle this vitally important task.

eel it is necessary to advise is lamentable. The boundary In recent years, particularly lirectors and company secretic is lamentable. The boundary in the larger companies, comparies that under the clauses between what is, and what is in the larger companies, comparies that under the clauses been via the personnel depart- employee the company newspaper, if there is one. For some types of inpresumably tried out formulaformation, these are appropriate tions which narrowed the range of prohibitions; and, for what channels, but they are less effective and sometimes a total they thought were good reasons, failure at communicating the perhaps because of the difficulty real reasons for the success of achieving clarity and cerone product or the failure of narrower · tainty within a definition of the prohibitions, another; the reasons for full or empty order books; the factors such formulations must have affecting customer satisfaction been rejected. or dissatisfaction; the problems Some may feel that, in the of competition: the general particular circumstances, Clause

direction of the business and its D (2) of the new provisions (in the draft Bill of July 1978) prospects. provides an appropriate "safe-guard" against Yet in almost every business today there are people who offer injustice. three important assets for this Because there cannot be any vital communications task. They prosecution except by the are closest to the customer; Secretary of State, or by or with they are largely responsible for consent of the Director of the prosperity of the company Public Prosecutions, conduct and they are—or certainly should be—skilled at explanais inoffensive but is the range of what is tion, consultation and even perprohibited will not be brought to court. But that "safeguard" Suasion both perilous and consti-

I refer to the many senior marketing and sales executives unsound: perilous whose talents are almost totally because it depends on official discretion; constitutionally ununused in the sphere of employee communication. Comsound, because it is outrageous for the law to say to the citizen: pounds on sales conferences in porations. It is estimated by the Aylesbury, Bucks panies often spend thousands of "Do not worry. What you do is criminal. But, if it is inoffen-

order to motivate and inform Internal Revenue Service of the the sales force. I wonder how United States that a net sum much. by comparison, they spend on employee conferences designed to do the same for the remainder of their workforce?

No efficient marketing or sales manager is likely to be looking for extra responsibilities yet poor workmanship, late deliveries and strikes are posing a direct threat to their own jobs.

They have either not been given, or failed to take, the opportunity to tell the entire workforce what a satisfied customer really means in terms of future employment, security and In recent years, particularly prosperity for every one in the company.

As present, I believe that communication ment, the works manager and often being done in the wrong way by the wrong people. It is the skills of our marketing and sales executives to communicate the company message to em-Peter B. Blood.

Моот НаЦ, Cookham. Maidenhead, Berks.

UK-U.S. tax treaty

From Mr. J. Newman Sir, - The correspondence from Messrs Welch, Gottesman and Grylls leaves out one important consideration which I am sure HM Government would be interested in. When the UK-U.S. Tax Treaty is ratified United Kingdom advance corporation tax becomes repayable to U.S. resident shareholders in UK companies. Likewise some U.S. Federal dividend withholding taxes become repayable to UK shareholders in U.S. cor-

in excess of \$300m is payable by the United Kingdom Inland Revenue to the U.S. As part of our expenditure cuts I feel this sum should not be overlooked. Ratification for this reason alone should be delayed and rather than back-dating the treaty to 1973, a later date should be chosen. John A. Newman.

Kingsgate House, 115, High Holborn WC1.

U.S. energy supplies

Sir.—In his "America wallows in self-doubt" (November 8)

distinguished Samue Brittan tells us that " about half of U.S. energy supplies comes from oil and of that a half is imported." This is common knowledge outside America but it is only recently that Americans have begun to wake up to it. The latest polls show that only half of them know it. Even more importantly, the

large majority are not aware that they still are, and have been, paying half or less than half for their oil and energy than the rest of us. The oil companies are blamed for any price increases whereas, to put it bluntly. America collectively is garnering higher "windfall profits," at the world's expense by keeping prices down, than all the oil companies put together.
America will continue to wallow in self-doubt until its leaders and its people face these facts of life, John M. Weiner.

Manor Cottage,

The Vale of Belvoir

create a new criminal offence of From Mr. J. Constantine
Sir,—As a subscriber to and
admirer of your newspaper I that kind are not alarmist or silly. They are, on the contrary, instinctive and proper reactions read with disappointment your of everyone who has taken to leading article on Belvoir of heart the lessons of our history October 31 due to its bias, and treasures the relative freenaivety and lack of both sensidom from arbitrary power which our ancestors achieved

tivity and foresight.

The facts appear to have been twisted to suit the argument. It Although criminal law cannot is easy from the comfort of a properly be invoked it ought to be possible for draftsmen to City chair to pronounce on what should happen to the countryside and the lives of others. And present us with an appropriate the arguments of the so-called "environmentalists." whom I apparatus of statutory provisions defining circumstances in which insider dealings will prefer in this case to call conservationists, are not, I believe, be the subject of restitution and necessarily nearly as conother remedies under civil tradictory or irrational as you provisions of that kind could

inference from your article is that the Coal Board's statistics are correct and the conservationists are wrong. With regard to the accuracy of the former it does not take an expert to realise that 3,800 miners will not all be bachelors new crime. The later novel situation, and one strik- directly attributable to the mine ingly inconsistent with the wise of very many times this figure policy of encouraging those who has been correctly assumed. Nor work in an enterprise to acquire does it take an expert to apprea personal financial stake in it. ciate that an undertaking of the My conclusion is that this size and type envisaged with its unprincipled new resort to plant, machinery, tips, infracriminal law ought to be reject structure, including roads and ted, and that the proposal should railways, related housing, means be condemned and vigorously of educating and employing

miners' families, etc., is going

to remove from existing use far

which the present plans will not irrevocably change the character of the entire area from pastoral to semi-industrial.

life is painted as being middle-class and therefore, presumably, figures, which are in themselves somewhat objectionable. Quite apart from the fact that the majority of the local rural population are farm workers is there really anything morally wrong in attempting to defend the country's heritage? You speak of compensation, but there is no such thing for the loss of a way of life or a fine landscape.

While the arguments of the conservationists may on the surface be as muddled as your none of them detracts what seem to me the central issues.

The Vale of Belvoir is one of the last parts of unspoiled natural beauty as you imply. countryside in the Midlands and for the latter is huge and it has been forecast that the world envisaged and as presently proposed, is bound to do considerable harm to both the environment and to agriculture.

While the fuel crisis is probably here to stay, and there should be no attempt "to dash Britain's hopes of energy riches tioned, not to speak of the prob- in the 21st century," the costs 11. Grafton Street, WI.

lems of drainage and subsidence of both existing and alternative to which you have charitably sources of power are bound to referred. There is no way in increase. Even known coal reserves in already partly or wholly industrialised areas are considerable, although some may be expensive to tap and A quiet and pleasant rural are therefore not, it is believed

highly dubious. As the price of energy in creases so will greater costs of extraction in other areas be justified, as will the cost of the minimisation of related environmental disruption, in regard to both of which there are already many precedents, both at home and abroad. course, affect all types of alternative sources including those mentioned, although, incidentally, it is hard to accept that plants for solar-heating, wave power, etc., must inevitably be located in areas of

Under the circumstances is it which from an agricultural not sensible in the long term to point of view is highly produc- exploit those locations which Agricultural land is are already blighted until such becoming ever scarcer and food time as, hopefully, alternative requirements much greater, sources of power are found or The country's net import bill as modern technology makes it possible for the Belvoir coal to be extracted with less damage food shortage will reach crisis to the environment and to point in the foreseeable future, agriculture and with fewer A mine, particularly of the size resources? If this is not possible then the coal will still be there-or perhaps the world will even one day realise that it is more important to feed itself than to fritter energy away for non-essential purposes. J. Constantine,

Constantine Holdings.

Today's Events

UK: Mrs. Margaret Thatcher. meets President Valery Giscard d'Estaing of France, in London to discuss EEC Dublin summit. Mineworkers pay talks resume. National Union of Teacher's one-day conference on education

expenditure cuts, London. The Queen meets President and Madame Suharto of Indonesia at start of four-day State visit, Victoria Station, London. Swan Hunter accused under Health and Safety Act after death of eight workers during building of HMS Glasgow three

years ago, York Crown Court. Mr. Norman St. John Stevas. Minister for the Arts, presents Pye radio awards, London. House of Commons: Debates on Opposition motions on the Portman Square, W, 11.30.

servative Association Business-man's Club, House of Commons. Overseas: FEC Association Susiness Select Committee Southern Overseas: EEC Agriculture tary Commissioner for Adminis-ministers meet in Brussels. tration. Witnesses: Parliamentary European Parliament session, Strasbourg.

Central bankers meet, Basle. Dr. Wilhelm Haferkamp, EEC Commissioner for External Affairs, in Mexico to improve trade (until November 15).

OFFICIAL STATISTICS
Building societies' receiptons for October.

Building societies' receipts and loans for October. PARLIAMENTARY BUSINESS COMPANY MEETINGS Amber Day, Churchill Hetel,

7, 5 pm.

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Dunham Mount intends bid for Norwest Holst

Holst climbed 9p to 100p as the asked to resign two months ago announced their intention of stood to be a policy disagreement. out the minority

ordinary items increased from apply the compulsory acquisition £2.17m to £2.42m on turnover of provisions but would endeavour 589.4m (£53.4m) in the six to maintain the quotation.
months to September 30.

Mr. Ian Scarborough, who has months to September 30.

However, the civil engineering and construction group has had to provide £4.3m to cover anticipated losses in the refurbishing subsidiary, Marshall-Andrew Group, which was acquired for

Marshall-Andrew broke even in the 12 months to March 31 on turnover of some £24m, but Norwest yesterday reported that "detailed investigations have revealed a number of contracts with very adverse results and fully and the order book is for which provision was not satisfactory. made prior to acquisition.

for any claims or compensation which may become available to the group as a result of steps now being actively pursued." exceptional payment £127,000 has been paid into the

group pension fund. Two directors, Mr. Raymond Slater and Mr. John Lifley, have informed the group of their desire to enter discussions which may lead to their making an offer " for the ordinary share capital not already owned by

Dunham Mount Holdings." A private company controlled by Mr. Lilley and Mr. Slater, Dunham Mount acquired a 54.96 per cent holding in Norwest Holst and, under Rule 34 of the Mr. Esmond Braucher and the then chief executive, Mr. Ted Brain, advised shareholders to take no action. Dunham Mount currently holds 58.7 per cent of

of £4.3m, shares in Norwest Lilley last February, but was this upturn has never been shareholders as a result of what was under-Dunham Mount made it plain when the first offer was announ Profits before tax and extra- ced that it did not intend to

succeeded Mr. Brian, said that "it was always generally known that Dunham would bid sponer or later" and Mr. Slater added that the announcement of an intention to hid "had been on around film in cash last the cards for a week or two."

February.

The net dividend has been increased by 25 per cent to 1.999p per share and, although

The group is still subject to in No credits have been taken an investigation by the Depart-for any claims or compensation ment of Trade under section 165 (b) of the 1948 Companies Act.

margins have been reduced as

a result of increased inflation

and more severe competition the

group continues to trade success-

comment

The last time Dunham Mount approached shareholders in Norwest Holst, the bid was triggered by Rule 34 of the Takeover Code and, pitching below the prevailing market price, it might have been said that the offer or was simply going through the motions. Two years later Dunham is looking for outright control and the share price, up 9p to 100p, should have a good deal further to go. Net worth, stripping out the net interim deficit, is 145.5p per share and the historic fully taxed and diluted p/e is just 3.7. While the equity in the autumn of 1977. construction industry conditions at 72p per share. The chairman, are worsening, Norwest should nevertheless still have enough steam this year to reduce the multiple to even lower levels and, assuming a 25 per cent total dividend rise, the yield is 9.2 per cent. The track record since

DESPITE extraordinary losses from both Mr. Slater and Mr. months ago of the architect of properly explained and, in the background, the Department of Trade inspectors have yet to pub-

Interim up at Young **Companies**

Young Companies Invest-ment Trust is lifting the interim dividend from 1.6p to 2.0p for the year to March 31, 1980. The directors hope that it will be possible to recommend some increase in the final. Revenue in the half year ended September 30 improved from £225,880 to £297,759, before tax of £91,009 (£77,272). For the year 1978-79 pre-tax revenue was £426,000 from which a total dividend of 4.2p was paid.

Spencer Gears well placed

Spencer Gears (Holdings), the engineering group, is well poised to take advantage of the oppor-tunities anticipated in the next few years, says Mr. F. W. Forbes, the chairman, in his annual

The company has made a good start in the current year, with turnover in the first quarter well up compared with the same eriod last year, and Mr. Forbes is confident of very good results. Profits before tax rose from £390.240 to £450.363 for the year to June 30, 1979, on turnover-14.5 per cent higher at £4.97m—as reported October 19. During the year over £600,000 was invested, mainly on buildings, plant and machinery,

and the group expects to invest' not less than £750,000 in the

The Institute of

dealer now.

Box 3, Horley, Surrey.

current year.

Meeting.

position after busy year Despite a 24 per cent increase company is the John Delaney

Medminster in strong

Then the remote control can be used to

The 674 Teletext receiver has a 26" screen

putting total control of these remarkable sets

Arthur Norman, chairman of De La Rue, at the

Basingstoke banknote division with part of the company's lasergraphic system for controlling, by computer, geometric pattern to give pictorial effecs. The group, which produces bank notes for ever 70 countries, is today due to announce interim results for 1979.

in turnover, higher capital expenditure of £308,517 compared with £79,797, and a large tax payment, Mr. John Delaney, chairman of Medminster, points out that group net short-term borrowing at June 30 shows a rise of only £120,873.

The balance sheet also shows debtors up by £220,765 to £632,952 and creditors by £266,612 - to £719,042, which reflects the higher activity in the group's international shipping and forwarding agency.

In the year ended June 30. 1979, profit, before tax, improved from £202,714 to £256,795, on turnover of £5.81m against £4.68m. The group specialises in furniture bire and sales and Mr. Brian acquired a 12.5 per the 1975 slump has been good Meeting. The Institute of also trades as a shipper and CFH operate cent holding in Dunham Mount but the sudden departure two Directors, SW, December 5; noon. forwarder. The ultimate holding September 1:

return to normal viewing or switch off,

at your disposal with one compact unit.

while the 666 shown here is a 22" model.

veneer cabinets, and both are at your Philips

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For further details write to P.O.

Group.
The profit is split as to furniture hire and sale £221,909 (£172,104), shipping and forwarding £66,835 (£49,934) and aviation nil (£6.712), less interest of £31,949 (£17,036).

The year's tax charge includes a deferred element of £58,927 (£12,430). The directors feel that it is prudent to continue to provide for deferred tax in full bearing in mind that the volume of capital expenditure may not continue at its present level.

The chairman reports that despite start-up costs the new London warehouse for Camden Furniture Hire has produced higher turnover and profits. Despite the television strike CFH operated at a profit from

Ibstock cash call flops as only 44% accept

THE SLIDE in the stock market has left underwriters London and Yorkshire Trust taking up a heavy slab of the new shares issued by way of rights by Ibstock Johnsen, the Leicestershire-based brickmaker.

When applications closed acceptances totalled 3.5m shares out of the 7.9m shares on offera total of only 44 per cent. According to the rights fisue document, the balance has to be sold in the market by tomorrow if a premium over the issue price of 65p can be obtained: Prior to the rights announce ment on October 18, the share price stood at 82p. Since then the price has contracted sharply, falling another lp yesterday to

Meanwhile, the current state of the market is making other rights issues look vulnerable. At risk over the next few veeks are the Laporte Industries issue to raise £10.6m, and the £2m of new equity capital being called for by Newman-Tonks

Group. In the case of Laporte, 11.58m shares are being offered at 95p each. Last night the company's shares stood at 90p, down 1p. The underwriters are S.

Hill Samuel and Co are underwriting the cash call by Newman-Tonks. A total of 3.7m shares are being offered at 57p each, exactly the price in the market

King and Shaxson

DIFFICULT CONDITIONS due to increases in interest rates at King and Shaxson, banking group, led to unprofitable trading during the half year to October 31, 1979.

The interim dividend is held at 1p net per 20p share, with an additional 0.1247p also to be paid reflecting ACT reduction—the final last time was 2.7852p on profits of -£709,000, after tax, minorities, rebate and transfer

Income.

ended July 31, 1979. Earnings per 10p share increased from 5p to 8.2p and the total dividend is raised to 2.35p (1.425p equivalent). A que-for-three scrip issue is also proposed.

Despite an increase in gross balances from £12.37m to £14.43m, total borrowings only

Incheape to quit cocoa

ing subsidiary, Harborn Amster- closed, nor has the identity of dam BV, and transfer its activithe two commodity groups backties to a new company formed by ing it. Leading London cocoa trading companies denied any involvement yesterday. It was suggested the backing might well come from companies wishing to

including all loans, to net assets was further reduced to 18:1 BRAZIL

DEALDY.

Both come mounted in Burma Teak PHILIPS

Current payment payment Clydesdale Invest Dec. 17 Rothschild Inv. Seccombe Marshall...int. Warner Holidays ...int. Western Motor ... Young Co's. Trust ...int. 2.0 Norwest Holstint. 1.9

It was a nervous day for financial markets as they sought to anticipate the likely level of MLR on Thursday. Lex looks at the evidence of the slackening economy provided by yesterday's industrial production statistics and retail sales figures. The Government is talking of further tax relief next year and Lex suggests that it will probably not involve income tax but there could be relief on the investment income surcharge. Elsewhere dealings started in the new BP shares in an uninspiring way. Finally Lex considers a new funding technique from the Eurobond market—a floating rate note that turns into pages there are comments on Warner Helidays and Norwest Holst.

Panel to decide on St. Piran bid position

(f4.61m) at the year-end.

Current trading at London

Scottish Finance Corporation is buoyant says Mr. R. H. Landman the chairman in his annual statement, and he hopes that this

year will enable the company's profitability to be maintained.

rental and other

services.

Strikes in the television and

As reported October 23, pre-tax

profits rose 41 per cent to a record £893,237 for the 53 weeks

rose marginally from £5.74m to £8.04m. Ratio of borrowings,

London

The City Take-Over Panel has of 0.6875p gross, making 2.75p The City Taxe-Over the gross gross.

been conducting an investigation gross.

Net assets totalled £8.12m to establish whether a group of persons has incurred an obligation to bid for Saint Piran after acquiring over 30 per cent of the equity, the Panel said yesterday.

The short statement came a week after the Stock Exchange suspended Saint Piran's shares for failing to supply certain details about its Australian operations. The details were required for a circular about the relationship between Saint Piran and companies associated with Mr. Jim Raper, a former chairman.

The Stock Exchange wanted engineering industries affected trading during the first few weeks of the current year, he this statement following the acquisition of a stake of just under 30 per cent by Gases Investments, a Hong Kong company chaired by Mr. Raper. reports.
The group is engaged in the provision of banking, consumer credit, debt collection, television

Schlesinger -Gilt Fund

after tax, of Schlesinger Gilt Fund advanced to £826,137 in the year to October 31, 1979, compared with

There is a quarterly dividend

Incheape will have no interest

The Inchcape group announced yesterday that it was pulling out of cocoa trading, where it has suffered heavy losses totalling nearly £18m.

Incheape will have no interest in the new company, but will retain ownership of the separate Harborn company, in London, that trades in rubber.

It has made arrangements to scale down the group's involvement with its Dutch cocoa tradmembers of the present Harborn management team, backed by two large established commodity groups: The plan is to complete the transfer by June 30 next

DIVIDENDS ANNOUNCED

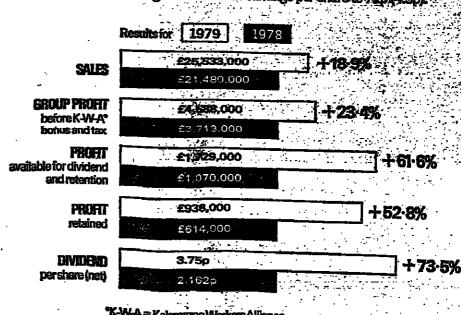
Dividends shown pence per share net except where otherwise stated Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. † Plus additional

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*K-W-A = Kalamazoo Workers Allianc

Prospects

The Group is in a strong position to benefit from the challenge of the future. In spite of uncertain economic plaspects we are continuing our planned high level of development investment."

... T. B. Morland, Chairman The Report & Accounts can be offered from the Secretary, Kalamazoo Limited, Northfield, Birmingham B31 2RW

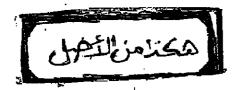
The Philips 674 and 666 Teletext receivers realise the

enormous potential of Full Remote Control. For the remote

control handsets allow not only control of volume, colour, brightness and channel selection but also give access to the BBC's Ceefax and IBA's Oracle.

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The same of the sa

MINING NEWS

CGFA selling Bellambi Coal

BY KENNETH MARSTON, MINING EDITOR:

JOINT bid of A\$19.17m :10m) from Shell of Australia nd the Australian shipping coup, McIlwraith McEacharn, is been accepted by Consoliited Gold Fleids Anstralia GFA) for its 64.82 per cent ake in the loss-making Bellambi ral. The bidders also intend extend their offer to other

olders of Bellambi. Shell and McIlwraith have reed to pay A54.40 (230p) per are for Bellambi, a price which mes Forth from Sydney. McIlwraith, which is controlled

interests associated with the airman, Sir Ian Potter, and e transport group, Thomas atlonwide Transport, is a unding shareholder in Belmbi and already owns about sales of Bellambi coal for any years. Shell has indicated that it

companies by the New South Wales state government.

If the offer succeeds, Shell and McIlwraith intend to carry out significant capital spending on the Bellambi coal mine to im-prove productivity and return the operations to profits. Bellambi incurred a pre-tax loss of A\$2.4m in the year to June 30 and is

still running at a loss.
The Bellambi sale continues reed to pay A34.40 (230p) per the large-scale rationalisation of the form are for Bellambi, a price which the Gold Fields group's Austrampares with Friday's closing lian activities in recent years, vel of A34.30 and which values including the sale of its induse the New South Wales coal protects at A\$29.57m, reports through takeover of its mineral mes Forth from Sydney. sands interests and a restructur-ing of its holdings in the copper group, Mount Lyell and the tin producer, Renison.

The chief executive of CGFA

Mr. B. C. Ryan, said that CGFA unding shareholder in Bel-expected to make a decision mbi and already owns about within a few months on what to per cent of the capital. It do with funds realised from the is also been the export agent Bellambi sale and added that energy was high on the list of priorities. There has also been Shell has indicated that it Australian market speculation on ants to end up with 49 per cent a possible bid for the remainder Bellambi, the maximum of the highly profitable Renison, juity position foreign com-which is 51 per cent owned by anies are allowed in resource CGFA.

S.A. export sales at record level

OUTH AFRICA's mineral exmoved by the same factors ort earnings are heading which have pushed the gold wards R9bn (£5.2bn), their price upwards. But appreciating parth successive record year, the need of fabricators and endut the rise, which owes much users for a stable market, "we precious metals, will be intend to maintain the producer

These trends have been picked ut by Mr. Dennis Etheredge, the resident of the Chamber. resident of the Chamber of lines, in the latest monthly re-ort published by the Chamber. The overall increase in mineral sport earnings is likely to be I per cent over last year's total

ased on average price of \$264 n ounce. This was 40 per cent igher than in the same period

Since mid-September, however, sience mid-september, nowyer,
ne gold price has been constently above \$350 an ounce,
roviding backing for the is a "projection," a
utious prediction of Mr. spokesman said, at stently above \$350 an ounce, stently above \$350 an ounce, roviding backing for the is a "projection," a Corporation autious prediction of Mr. spokesman said, and includes theredge that the gold price about C\$70m for a new shaft at ill average out higher over the Thetford Mines and underground econd half than the first half.
But the higher price has cotched prospects of a rise in not be made, respectively, until ne total volume of South next year and 1981. Both mines frican gold output. It has are currently opencast operabliged the producers, under the erms of their mining leases, to

nine lower grade ore. ompared with earlier industry it was C\$16.5m. stimates of 710-715 tonnes, Mr. Stheredge said.

In the first eight months of he year South African gold pro-luction was running slightly thead of the 1978 output rate, but n September slipped slightly schind. During 1978, producion was moderately increased iver 1977 when the industry proluced less gold than at any time luring the previous 16 years. Although gold remained what Mr. Etheredge called the lynch-pin of the South African economy, there has been, by contrast, a considerable expansion in the cales volume of other the sales volume of other minerals like uranium, coal and manganese. The whole industry benefitted from a prices surge in

the early part of the year.

For platinum specifically, surge has been followed by sharp reactions on the free market. In early October the free market price touched \$600 an ounce, while the producer price was \$380. Noting that, yesterday morning, the free market price was \$514, Mr. Ian Greig, the chairman of Impala Platinum, said new fears of rumours could trigger off further dividends are envisaged until the desired build-up of funds has violent movements.

companied by a downturn in price concept," Mr. Greig told

ASBESTOS CORP. **EXAMINES GROWTH PLANS**

f R6.88bn. After the first seven conths of the year sales were anning 45 per cent above the 378 rate at R5.17bn.

The net value of gold output the first half was R2.35bn ased on average unice of \$264

by General Dynamics Corpora-tion of St. Louis, could have its Quebec assets expropriated by the province if recent legislation

For this year Asbestos Corporation has authorised capital Production this year is likely expenditure of C\$21m. Spending to be slightly below 700 tonnes, in 1978 was C\$8.8m and in 1977

ROUND-UP

America's Ranchers Explora-tion and Development and Houston Natural Gas Corporation have agreed to sell 2m lb of uranium oxide from their jointly-owned Johnny M mine in New Mexico to Taiwan Power. Given Taiwan Government approval, deliveries will start early in 1981 at the rate of 750,000 lb a year. Selling prices will be on the basis of market levels at the time of delivery subject to a minimum price increasing from \$40 per ib after

The new Seltrust Holdings announces that its issue of "Z" shares of 50 cents (26p) at a premium of A32 has been well oversubscribed. Seltrust Holdings arises out of the reconstruction of the Australian interests of desired build-up of funds has

Platinum prices have been been achieved. This announcement appears as a maner of record only \$25,000,000 Coastal States Europe Limited Coastal States Gas Corporation Revolving Credit Funds provided by Bankers Trust Company

Bayerische Vereinsbank, London Branch

First National Bank and Trust Company of

Oklahoma City, Cayman Islands Branch

Nederlandse Credietbank nv

Banque du Benelux

Bankers Trust Company

November, 1979

Warner static at half way Bridgewater sees growth but improvement seen

during the summer season at a At 45p unchanged the shares are bigher level than last time, the on a fully-taxed prospective p/e directors expect the full year's of 7.7 while the yield, assuming over the 1978-79 record of final dividend, is 8.7 per cent. £818,000.

Turnover for the period rose from £4.6m to £5m. Profits included interest and rent receivable of £18,000 (£20,000), but were struck after a rise in interest payable from £85,000 to £129,000.

The interior dividend is litted.

The interim dividend is lifted from 0.35p to 0.5p net per 10p share—the previous year's payments totalled 1.85p. Half-yearly tax charge took £185,000 (£194,000), leaving net profits up £11,000 at £171,000.

comment Warner's uninspiring first half results come as no surprise given economic uncertainties during the winter and the late summer. Bookings were little changed over the period, so the 10 per cent sales rise reflects tariff increases. These were not enough to offset higher costs. and margins contracted by nearly a point to 7 per cent. In spite of this, there is every chance of Warner topping £1m pre-tax for the year, an increase of at least a fifth. Bookings

were little increased the quality of much of changed at £356,000 against the UK holiday accommodation, £354,000. However, with bookings so higher tariffs can be charged. result to show an improvement a corresponding increase in the

Guildhall Prop. sees near £1m

PRE-TAX PROFITS of about 1950,000 for the year to June 30, 1960, are forecast by Mr. L. H. Smith, chairman of Guildhall Property Company, in his annual statement. He expects rent received to exceed £1m.

As reported on October 19, taxable profits reached £810,607 (£632,228) in 1978-79, in line with the forecast in the last annual report. Rents receivable totalled £886,488 (£720,323). The total dividend is lifted 50 per cent to 4.035p net.
The chairman says the com-

pany has only one property of about 36,500 sq ft vacant. This is the subject of an agreement for lease and completion is expected in early 1980.

have recovered dramatically since
July, increasing by as much as 13
per cent in September. In a freehold property at Swindon

new lease have been negotiated, and a small industrial estate of 15 freehold factories and warehouses at Lancing, Sussex.

Rent reviews of three of the Lancing properties have produced satisfactory increases, the chairman adds. The subsidiary has also acquired the freehold interest in two factories at Ruislip, Middlesex, and one at Park Royal, where the company already holds the leasehold

The directors estimate that the total value of properties exceeds film. This compares with the overall book value, partly at March, 1964, and partly at historic cost. of £6.28m.

At October 18. Allnatt London At October 18. Alinatt London Properties held 2.4m shares; the Chase Charity, of which Guildhall Property director Mr. A. Ramsay Hack is a member of the management council, held 1m shares; and Barings Nominees, 928,400 shares.

Meeting, Winchester House, EC, December 6, at noon.

COMBINED **ENGLISH STORES**

The Combined English Stores group has purchased £822,500 of its 91 per cent unsecured loan stock 1986-91 for cancellation. The stock remaining amounts to

in TV rental trading TAXABLE PROFITS of Warner addition, the company's major occupied by a Government De-FOLLOWING THE move of Holidays in the six months to refurbishment programme has partment, for which terms for a Bridgewater Investment Trust into the field of television rental, the company's aim is to

reach a chain of about 6,600 subscribers by March 31, 1980, Mr. R. A. Rudd, chairman, tells shareholders in his annual report.
There are in excess of 4,200

subscribers at present and with the best part of the year now before the group, there is every ground for optimism that this objective will be reached, the chairman says.-

Bridgewater's share quote has been suspended since July following the announcement of the acquisition of two television rental companies, Ascot TV Rentals and Concorde TV Rentals for £35,000 cash. A solution of the state of th rights issue to raise £0.4m was announced earlier this month. Mr. Rudd says it is now expected that specific bargains will soon be permitted under Rule 163 (2) of the Stock Exchange regulations.

The directors are also asking shareholders to approve a change of name to Ascot TV Rentals (Holdings), a sub-division of the fl shares in 10 ordinary 10p shares and an increase in the ordinary capital to £1.75m by the creation of 2.5m new ordinary 10p shares.

water and Mr. A. F. Palmer have underwritten, with the majority arranged to take up 50 per cent shareholder and the company's

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interime or finels and thesub-divisions shown below are based mainly on last parts timestable.

TODAY

Interims—Advance Loundries, Arbuthnot Lathem. Bromsgrove Casting and Machining, Brown Shipley, Control Securities, De Rue, SEI International, Howard Tenens Services, L.C.P., Philipp' Lamps, W. H. Smith, Young and Co.'s Brewery, Young and Co.'s Brewery, Young Companies investment Trust.

FUTURE DATES

Interims—
Sirmingham Mint
British and C
Shipping
Inves Hargreaves
Nichols (J. N.) (Vimto)
Parkland Textile Transparent Paper Wedgwood Finals—

Referring to the rights issue, of that part of the rights to the chairman says Mr. M. A. which the majority shareholder Harper, a director of Bridge is entitled and have jointly

brokers, a third of any shares not taken up by other share-

In part consideration for the acquisition of Ascot and Concorde, Mr. Harper and Mr. Palmer have an agreement that they will be issued with up to 6.25m ordinary Bridgewater shares based on a profit and net asset value formula over a period not later than March 31, 1981.

The report shows that Sagest SA now holds 2.93m shares plus 18,000 shares held non-beneficially by directors, representing 49.08 per cent of the Bridge-water issued share capital.

Included in the accounts is a £56,000 payment for termination of management agreement. Meeting, 63, London Wall, EC, Decem-

Seccombe pays 6p interim

IN SPITE of difficult trading conditions. Seccombe Marshall and Campion, bill broker and banker, achieved profitable trading in the first half of the current year, the directors say in

their interim report. The net interim dividend is increased from 5.5p to 6p per £1 share—the previous year's total was 14.8985p on net profits,

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BIDS AND DEALS

Senior pays £5m for first U.S. takeover

Senior Engineering Group has acquired the Boller Tube Com-pany of America, a stockist and manufacturer of boiler-related equipment. Senior has paid \$10.525m (£5.02m) to Lockhart Iron and Steel, a privately owner American group which owned Boiler Tube.

Boiler Tube.

The deal, which included £8.95m for the issued capital stock of Boiler Tube and \$1.575m in respect of a debt to Lockhart, is a major step forward for Senior in the North American market. The net tangible assets of Boiler Tube on September 30, 1979, amounted to \$4.661m before deducting the debt owed to Lockhart.

This is Senior's first acquisition in the U.S. It already has a subsidiary called Senior Industries, which deals in thermal and mining products. Mr. Geoffrey Deveson, the chief executive of Senior, said that Boiler Tube will complement the activities of the U.S. thermal division in the development and distribution of heat exchanger products.

BRENT CHEMICALS

BUYS TRI-KEM
Brent Chemicals International
has acquired the whole of the issued share capital of Tri-Kem, which makes and markets speciality chemicals for the metal finishing industries.

The purchase consideration of £610,000 was met by the payment of £330,000 and the issue of 133,335 fully paid shares of 10p each in Brent, which rank pari

Tri-Kem for the year to July 31 1979 show sales and pre-tax profit of £1.26m and £88,000 respec-tively and net assets at that date of aproximately £230,000.

GEC has only 9.5% of Averys

General Electric Company's initial £90.4m bid for Averys—since lifted to nearly £98m—had been accepted by holders of only 9.5 per cent of shareholders in the weighing machine company

by the end of last week.

This is a tiny advance on the per cent received by GEC when he offer reactied its first closing date near the end of last month.
GEC was obliged by the Takeover
Code to state the acceptance level yesterday morning, the first working day after raising its offer from 245p to 265p a share

CARLESS/TORCH Carless, Capel and Leonard has acquired Torch Petroleum for £435,400, partly satisfied by the issue of 51,136 shares.

Torch Petroleum is a Col-chester-based distributor of petroleum fuels and lubricants.

ASSOCIATE DEALS
Cazenove and Co., associates
London and Scottish Marine

November 9 26,500 LASMO shares at 310p each on behalf of discretionary investment chents of Morgan Grenfell and Co.

J. Henry Schroder Wagg and Co., who are advising Averya, purchased 4,000 GEC ordinary, shares at 319p on November 9 on behalf of associates discre-

SWISS RE. 16.9% STAKE IN

TRADE INDEMNITY Swiss Reinsurance Company of Zurich has acquired a 16.97 per cent stake in Trade Indemnity, the credit insurance group in which major UK insurance groups already hold over 51 per cent of the equity.

Swiss Re. says that it regards its acquisition of 1,221,564 ordinary shares as a trade investment. It has been a major reinsurer of Trade Indemnity for many years.

At March 5. At March 5, Commercial Union was shown to have a 9.36 per cent stake, Excess Insurance 8.69 per cent, Guardian Royal Exchange 18.67 per cent, Prudential Assurance 8.33 per cent, and Royal Insurance 8.75 per cent.

The proposed merger of London Scottish Marine Oil and Exploration (Holdings) is not to be referred to the Monopolies

falls at mid term TAXABLE PROFITS of Western published next month but in the

Western Motor

six months of 1979, on increased auraover of £17,18m, against

The directors warn that following the less incurred by the car delivery division in the third quarter, as a result of the engineering dispute and factory, stoppages, the group, as a whole, is unlikely to make a profit in the second half.

For the previous fair year, profits dropped from a record 2691,000 to £240,000.

Half-yearly earnings slipped to 18.18p (20.93p) per 25p share, but the interim dividend is held at 1p net—last year's final was 1.45771p.

The directors say trading results of the retail motor busireshis of the real moon better than those of the corresponding period last year, but those of the car delivery side were poor due to the severe weather and national transport dispute.

The pre-tax result was struck after interest charges up from £204,000 to £289,000 and higher depreciation of £461,000, against

Tax takes £16,000 (£18,000) and there was an extraordinary credit of £84,000, compared with

RIT pays more

from 2p to 2.5p is announced by Rothschild Investment Trust in respect of the year to March 31, 1980.

figures will

Motor Holdings were down from meantime the net asset value per 500 share at October 21 per 50p share at October 31 is given as 365p pre-conversion and 859p on a fully diluted basis: For the year 1978-79 pre-tay revenue totalled f5.75m, from which dividends totalling 9p were

an offer for Hume Heldings and a week later disclosed that it had secured voting control. It was announced yesterday that the merger was not to be referred

Clydesdale little changed

Clydesdale Investment Company, rose from £2.11m to £2.22m in the year ended September 30, 1979. First-half revenue had increased from £938,777 to £1.05m.

A final dividend of 145p is recommended lifting the total from 1.9p to 2.15p. A one-for-two scrip issue is also proposed on the ordinary and B ordinary)

If the scrip issue is approved. the directors will pay an interim for the current year of 0.5p (0.467p adjusted) on the increased capital.

Tax for the year takes £907,551,5 (£885,305) giving earnings per share of 2.15p against 2p. Net

Costain Australia bids £3.8m for civil engineer

Costain Australia, the subsidiary of the British-based international contracting company Costain, is bidding for Pearson Bridge Holdings, an Australian civil engineering and analysis expect £50m in the Australian civil engineering group which specialises in mining orientated work. The cash offer values Pearson at A\$7.26m (£3.8m).

The group chief executive at Costain, Mr. Christopher Wyatt, said that the acquisition of Pearson would be a step along the road to co-ordinating the group's coal mining interests in Australia with contracting. "We'll be pleased when it goes through because it fits in with plans for growth in Australia and in the group as a whole," he

The deal is expected to go

SHARE STAKES

Louis C. Edwards and Son Northern Investment Trust holds 800,000 ordinary (5.33 per cent) Forward Technology Industries -Mr. G. S. Allen, chairman, sold 160.000 shares and

and analysts expect £50m in the

7,100,333. Lawrie Plantation Holdings— Walter Duncan and Goodricke holds 358,101 ordinary shares

(14.08 per cent).
Linfood Holdings — Guinness Peat Group acquired 17,000 ordinary shares and holds 6.77m (20.03 per cent). London and Provincial Trust-

The Kuwait Investment Office acquired further 100,000 shares making holding 2.03m. London and Montrose ment Trust-The Knwait Invest-ment Office acquired further

50,000 ordinary shares holding 581,000.

Provincial Laundries—Hoover
Trust Fund purchased further 50.000 ordinary shares taking holding to 783,769 (9.1 per cent). Institutions hold some 28 per cent of equity, with Menteith investment Trust, the second largest holder, having 5.5 per

cent.

Duple International—W. S.
Yeates acquired 200,000 ordinary shares making holding 4,941,666 (12.02 per cent).

Adwest Group—The holding by

Racal Electronics on November 2, was 1,470,828 shares (15.01 per cent), prior to the capitalisation

issue authorised on that day.

M.Y. Dart—Board announce that following recent rights isue, certain directors and their families have sold their rights entitlement (or part thereof) nil paid, and as a result 948.972 new ordinary shares have been placed with certain institutions. Following these disposals the directors and their families are interested in 3,731,938 shares representing 21.41 per cent of the enlarged ordinary share capital.

IN BRIEF

BERRY TRUST COMPANY—Results for year to August 31, 1979, already known. Current easets £1.33m (£2.25m), current liabilities £7.55m (£1.35m), increase in figuidity £210,197 (£959,340 decrease). Meeting, Park House, London, £C, December 14, noon.

WILLIAM BOULTON GROUP—Results for year to June 30, 1978, and prospects, reported October 9. Group fixed assets E6.52m (E3.22m), net current assets E5.86m (E4.32m). Net bank borrowings decreased by £1,000 (£182,000 increase). Meeting, Newcastle, Staffs, December 6 at 12.30 pm. SINGLO HOLDINGS (tes producers food processors, manufacturers of soft drinks and giftwere)—Results for the year to March 31, 1979, already reported. Group fixed assets £2.58m (£2.39m). Net current liabilities £21,483 (sesets £410,151). Moeting, Empire House, S.E., on December 5 at noon.

COPE ALLMAN INTERNATIONAL 1979, with preliminary statement and current year outlook reported October 5. Fixed assets £43.85m (£32.71m). Nat working capital (excluding bank advances) £29.61m (£27.4m). Meeting, 116, Pail Mell, SW, December 8 at

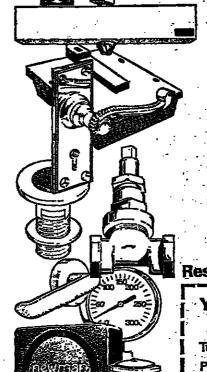
King & Shaxson

Newman-Ionks

Profits up 68% Sales up 55%

"I believe our enlarged Group will show satisfactory results."

Michael Wright-Chairman



*Increased profits achieved in a depressed year for the Building Industry.

*The contribution from Econa has been substantial; I an confident the advantages will be on-going.

* Rothley Brass' contribution for the seven months since acquisition has been well up to expectations. This company now gives us direct access to the retail trade for our architectural products.

* Newman-Tonks Hardware Ltd. has acquired an existing building adjacent to the new factory commissioned last. year which requires very few modifications before it can be integrated into the main factory; we anticipate

substantial benefits in the current financial year. *The budgets for the current year are encouraging. Our order books for most companies in the Group are similar in volume to the corresponding period last year and, provided there is no further serious industrial dispute, I believe our enlarged Group will show satisfactory

Results in brief

31.7.79	31.7.78
£000	£000
34,641	22,349
3,054	1,812
2,570	1,266
4.6585p	4.0535p
9.88p	8.71p
	£000 34,641 3,054 2,570 4,6585p

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'Extravagance' in local council pensions BY RAYMOND NOTTAGE*

which now employ one in ten being: of the nation's workforce, make

provision for their employees' pensions through four main schemes. They are the Local Superannuation. Scheme (LGSS), which covers the councils' administrative, professional and technical staffs and their manual workers, and schemes for teachers, police and firemen.

The pensions and kindred benefits paid through these schemes in 1977-78 in England and Wales were as follows:

pensions increases 98

The LGSS basic pensions are those awarded at the dates of the employee's retirement. The figures for teachers, police and include pension

The police and firemen's schemes are operated on the pay-as-you-go basis—as is, in effect, the teachers' scheme, although that has a notional (or paper) fund which is explained later. Accordingly, the pension payments of £122m made by these three schemes cost the taxpayer that amount and, miscellaneous expenses apart,

The basic pensions in the are funded, however. administered in England and Wales by 85 major local authorities, and at March 1978 had assets worth nearly The pensions payable from these funds in 1977-78 amounted to £225m, but the funds had a gross income of no find.

BRITAIN'S LOCAL councils, less than £862m, the main items

Employers' contributions 324 Employees' contributions 179 Investment income

The funds' surplus of income over expenditure was £550m, or nearly two and a half times the pensions payments. In addition to their employers' contributions to the funds of £324m, however, the local councils had to pay another £98m from current revenue for pensions in-creases, for which the councils' pension funds have no liability.

Thus the taxpaying public met the pensions of teachers, police and firemen at minimum cost. For the pensions of the other council employees they were put to great expense.

The LGSS funds are growing

at an increasing rate, as the accompanying diagram shows. In 1970-71 their expenditure was 54 per cent of their income, and they produced a surplus of £94m. In 1977-78 their expenditure was only 36 per cent of their income and their surplus was the £550m already mentioned. The time cannot be far off when their surpluses will approach the £1bn a year mark.

Two questions arise from this. First, what is so special about the local councils' office staffs and manual workers that they justify fund-backed pensions when these have never been thought to be necessary for any other body of tax-supported public servants, civil or military?

Second, why at a time of many fiercely competing claims for the support of socially desirable services and projects is so much money devoted to this patently inessential purpose?

Convincing answers, one suspects, are likely to be hard to

Local Government Superannuation Scheme Funds

Surpluses

A government wishing to reduce the cost of local council pensions has several possibilities open to it. It could, for example, change the financial basis of the Local Government Superannuation Scheme to one of notional funding and so bring it into line with the teachers, NHS and UK Atomic Energy Authority

Under this system the Government Actuary would periodically assess the contributions required, on normal actuarial principles, to meet the long-term cost of the scheme's benefits. The interest credited to the balances in the notional

fund would be calculated as though the funds' annual surpluses were invested at current market prices in long-dated Government securities. No stock would be actually bought and held, however.

If the current income from employers' and employees' contributions exceeded the outgo for current pensions, the surplus would go to the Exchequer. In the event of the outgo exceeding the income the Exchequer would make up the shortfall.

The result of operating the LGSS on the notionally funded basis in 1977-78 would have been as follows:

Employers' contributions 324 Employees' contributions less refunds

Apart from the income accruing to the Exchequer, the 85 existing pension funds would no longer be required. From the purely financial point of view they could be sold to the public, along with the British Petroleum shares, New Town properties and the National Enterprise Board's more profitable holdings. By the profitable holdings. By the time arrangements could be made for their disposal they would probably bring in

Payable to Exchequer ... 249

A proposal to proceed in this way would no doubt meet with opposition from the unions, which would claim that their members had contributed part of the funds and they were not the Government's to sell, at least in their entirety. This difficulty could also arise from a change to the ordinary pay-asyou-go system under which the police and firemen's schemes

between £4bn and £5bn.

are financed The simplest and least contentious way of proceeding would probably be therefore to maintain the existing funds but to limit their rate of future growth. This could be done by: • Transferring the liability for pensions increases from the councils revenue accounts to

the pension funds; Authorising the councils to discontinue the employers' contributions to the funds;

 Giving the pensioners and employees covered by the LGSS Instia a government guarantee, made tion.

manifest in law, to honour the scheme's present beneals, and any subsequent improvedents in them, and to provide Emchanger support if at any time the new financial arrangements

proved to be inadequate. On the basis of the 1977-78 accounts these charges would cause the funds' expenditure to rise by the pensions increase payments of £98m and would reduce their income by the cur-ployers' contributions of 2004m. The councils and/or Exchaques would have saved Edizim, and the funds would still have produced a surplus of the not in-considerable sum of \$128m.

Since these are 1977-78 figures and are for England and Wales only, much larger savings would doubtless be obtainable in the early 1980s for the coun-try as a whole. They would certainly cover the current ex-penditure savings of 1485m which the Government wish the local councils to make as part of their expenditure plans for 1980-81 (Cmnd. 7746, Table 3). and probably do so with a comfortable margin to spare.

As a result of the suggested changes the pensioners and employees covered by Local Government Supernanua-tion Scheme would suffer no financial loss now or in the future. The arrangements for financing their pensions would accord more closely with biase of their fellow public service workers; and their benefits would be met at a much lower cost to the community than it present. All of which suggests in these hard times that this is a matter to which Miristers and councillors should devote their early attention.

The author wes until recent Director-General of the Royal Institute of Public Administra-

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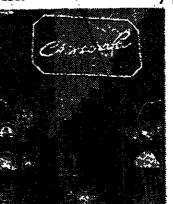
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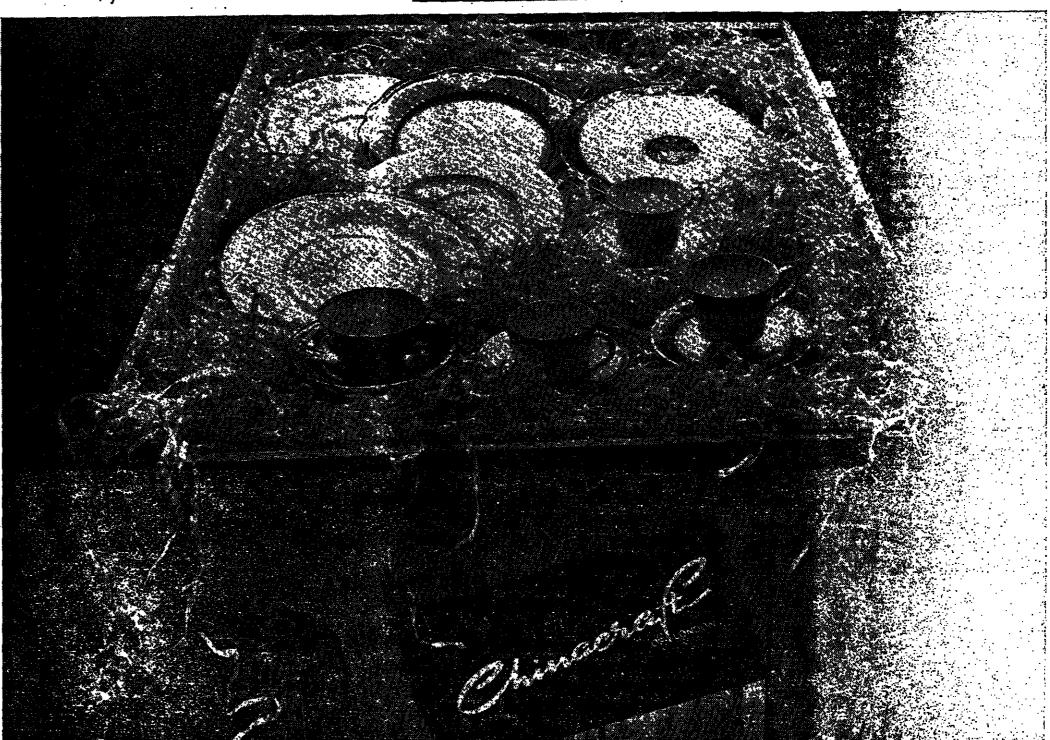


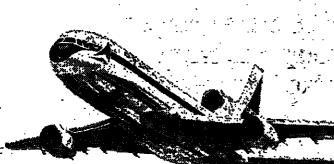
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The discreet money makers of Munich

BY JONATHAN CARR, BONN CORRESPONDENT

satisfying activity. For the one recognises that more is at West German company Giesecke stake as one emerges through und Devrient (G and D) it is the security precautions - of a passion and a vocation.

This Munich-based concern B not only proud of its present position as, among other things, the only private manufacturer of bank notes in Germany. The weight of responsibility for conon it too.

The feeling conveyed if one is permitted a tour of this normally reticent enterprise is that a perfectly produced bank in at almost every stage of the note has an intrinsic worth above and beyond the worst that politicians and inflation can do notes are being printed there politicians and inflation can do

No one creates this impression more strongly than Herr Siegfried Otto, the silver-haired chairman, whose strong enthunches from for the chairman for th slasm for paper money—"the machinery and technology to life blood of our civilisation"— enable them to make the notes is matched by a reluctance to make public any detail which this role needs little under-might conceivably prejudice the lining, but two examples of the concern (now owned, incident-ally, by the Otto and Devrient arise are worth mentioning.

appears to have been investment was toppied in the custoappears to have been investing on average about DM 15m
a year. These are hardly huge
figures in themselves in the land
figures in the land figures in the

which, as one company official rightly said, many a central bank would be proud — and stands before the printing presses, specially designed by G and D, to watch that "life blood" flowing by.

timing a tradition more than a It is not simply the elation century old clearly lies heavily at seeing such a flood of crisp. It is not simply the elation clean banknotes (made of special paper manufactured by G and D in its own factory with safeguards against forgery built alongside the German ones.

Some countries order the enable them to make the notes themselves. The sensitivity of

In one case, a huge consignemploy about 1,500 people, that had to be stopped, then withits annual turnover seems to be drawn under close watch from Germany.

more than DM 150m Singapore when the Govern- Here, it (about £40m) and that it ment was toppled in the custo-

MONEY-MAKING IS usually a of the "economic miracle." But banknotes after the unilateral a 20bn Reichsmark note dated declaration of independence. October 20, 1923—the purchas-The company simply says it ing power of which was cerinitially agreed to the Rhodesian tainly markedly less on October order after full examination of 21. This was the time of the the legal position and that a Great Inflation when as G and solution was found which met D recall, it had to print in one the position of all governments year more paper billions than

nvolved. paper millions in the preceding Tricky problems are anything six decades.

During the time of the Great Inflation Giesecke und Devrient had to print in one year more paper billions than paper millions in the preceding six decades.

but new to the firm founded in Leipzig in 1852 by two partners, Herman Giesecke and Alphonse Devrient, who produced their first banknotes (worth 10 thalers from the Duchy of Altenburg. Indeed, the changing produc-For the record, it is worth ment of banknotes on its way tions of G and D mirror the saying that G and D seems to to a South-East Asian country political and financial tumult of the last century and beyond in

It continued to print during the Third Reich, including a new paper currency for Spain in the middle of the Civil War. It worked on in makeshift premises apiece) four years later, to order for both domestic and foreign orders even after 80 per cent of its factories were destroyed in the Leipzig bombing of 1943.

After the Second World War, it printed, in its new Munich home, new bond and share Here, for example, is a rare documents to replace those 50 rupee note made by the comissued under the old Reich.

ality of the firm. G and D pro- Automation und Organisation, duced the tickets in 1936 for the also based in Munich, founded Berlin Olympics and good a dozen years ago. It employs authority has it that the com- about 160 scientists, electrical pany is doing the same for the 1980 Moscow Olympics too. A and already has to its credit the more striking example of private invention of machines capable enterprise knowing no frontiers would be hard to find.

single boost to the company's notes may be business has come from the Federal German Central Bankinitially called the Bank Deutscher Laender, then from 1957 the Deutsche Bundesbank If you have a Deutsche Mark note in your wallet the chances are it was made by G and D. The only other manufacturer is the Bundesdruckerei, the Federal printing office, in Berlin.

Clearly G and D's long experience was a big factor in its gaining its share of the work. Another could be that the Central Bank was aiming at cost control through a judicious divi-sion of labour between the public and private sectors. What-ever the explanation, it is a curious thought that the West German currency comes either from Bavaria, the most indepen-dent of the Laender which was slow to decide to join the federation, or from Berlin which strictly speaking is not part of the Federal Republic at all.

entrance tickets-another speci- subsidiary, the Gesellschaft fuer engineers and other specialists of counting, checking and sorting banknotes at high speed, Domestically, the biggest however crumpled or dirty the

Secure

The machines were developed on the order of the Bundesbank, which had examined foreign developments in the same field but concluded that none was sufficiently secure to merit adop-

But what if the banknote dies as a medium of transaction through increasing use of cheques, money transfer and credit cards? G and D believe they still have a viable future, but in any case the company has been involved in producing travellers' and Euro-cheques credit cards and the like for years.

The objects under production may change—but there will never be a lack of demand so long as people feel the need for a medium of exchange. And that is a need, G and D observes, which has existed since roughly the time man invented fire. Clearly, G and D is a company which can afford to take the

MANUFACTURERS AND DISTRIBUTORS OF LADIES' CLOTHING. Extracts from the statement by the Chairman. Mr Michael Radin

Results and Dividend I have to report an increase in our profits before taxation, of £79,417 to £285,400. Although the Company had fully sold its production capacity, the problems highlighted in my interim statement on the 16th February, 1979 concerning the industrial climate, together with stoppages due to extreme weather conditions, caused disruption in the early part of the calendar year. This was reflected in loss of anticipated production and a consequent build up of

The Directors recommend that an Ordinary Dividend be paid of 10.5 per cent. (15 per cent. gross). The dividend last year was 6.036 per cent. (9.009 per cent. gross).

Future prospects I am pleased to report that the Company has a full order book for the current Autumn season and that the initial selling for Spring 1980 is also encouraging. However, the down-turn in retail sales following the increase in VAT, together with pending high wage claims and the possibility of industrial unrest this winter, makes it difficult to be as confident as our strong order position warrants. The positive demand for the Company's quality merchandise continues to be

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	1979 £	1978 £
Turnover	4,971,000	4,343,000
Profit before tax	450,000	390,000
Retained surplus	297,000	275,000
Earnings per share	4.15p	3.62p
Dividends per share	0.90p	0.6065p
Net assets per share	20.29n	16 750

Southern Industries (Croydon), Southern Industries (Coolers) and Spencer Gears made noticeable increases in turnover and profit Coolers obtained a larger share of the beer cooler market, and the other two major subsidiaries are moving into new buildings to provide much-needed capacity. Capital investment in 1978-79 was over £600,000, and in the current year over £750,000 will be

The company has made a good start to the current year with turnover in the first quarter well up-compared with the same period in 1978. I am confident the results for this year will be very good.

F. W. Forbes, Chairman

Copies of the annual report are available from the Secretary SPENCER GEARS (HOLDINGS) LIMITED Roger Street, Landon WC1N 2JX

awtey I th

Manufacturers of Clothing	g and Umb	rellas
Group Profit before Interest	1979 £14,774,697 £662,256 £412,758 £382,222 £500,000 £3,050,822 14,25% 19.1p	£12,458 £644 £501 £470 £500 £2,739
Mr. G. M. Schaafor the Chairman moster		

* Turnover increased by 18.6%.

* Exports up from £2.87m to £4.3m-29% of total turnover. * Dividends 3.56p per share-covered 4.1 times.

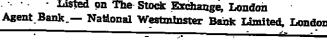
* Sales per employee increased by 22% Copies of the Report are available from the Secretary, Lawtex House, Holt Lane, Fallsworth, Manchester M35 9NH.



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How's that for enterprise!

The end of 2 **Pacific** condominium

BY PHILIP BOWRING

aker, recently helped seal its te when, at a meeting in the pital. Vila, with French ficials and local representares, a constitution for the New ⇒brides was agreed. Inde-ndence will follow next year. Thus will disappear the last maining condominium, in this se by the British and French. atiquarians may mourn the mise. For 100,000 Melanesians the south Pacific island terory, it is a matter of coping th the consequences of this fry particular form of colonial livide and rule."

The New Hebrides can claim have been the only true odern condominum.

The officially-designated conminium was the Anglomyptian Sudan, which lasted
myptian Sudan, which lasted
myptian Sudan in the Battle of Omdurman in
my the Battle of Omdurman in odern condominium. 98 to Sudan's independence

:: But the Sudanese condoninium im was not a partnerip of equals the British
in the show. In the
w Hebrides, the British
id French did so equally, but parately. The outcome was a mic-opera state of affairs, nere each side had its own parate administration with own police force and legal

Like their administration, the ople of these small islands ere divided. They were split r language French, English and the multiplicity of local nguages characteristic of elanesia. They were riven by ligion—Catholic and Protestit-and by geography, because me of the islands are remote om the others. They were so divided economically, with e usual colonial mixture of indigenous subsistence sector ıd a modern expatriate-run ade-oriented plantation and ban sector.

None of this made promising aterial for "nation-building." it while the colonial powers ought division nabbling, the Melanesians rietly evolved one unifying ree: language. The lingua anca of the islands is a local rm of Melanesian pidgin 10wn as Bislama. In addition political party has grown over past eight years which can claim itional in character.

Originally known as the New ebrides National Party, it was osely linked with Anglophones ad the up-and-coming products Presbyterian missionary hools. Presbyterianism, the redominant sect, and ationalism have been closely lentified with each other.

The party, which changed its ame to Vanuaaku Pati in 1977, as also developed more than sectarian following. It is xpected to emerge as the argest party in the elections be held in November and o lead the nation to indeendence.

strength of the 'annaaku party was the main eason why France last year British, who were more than tration.

ONIQUE form of governent is on the verge of becomg extinct. Britain's Minister Pacific, France and the local
State for Foreign and Comonwealth Affairs, Mr. Peter
preservation of the status quo.

Their aim was to keep the Anglophones at bay, and to pre-serve ties with France and with neighbouring New Caledonia -the wholly Francophone, nickel-rich island which is an overseas départment of France.

The well-organised Vanuaaku boycotted the Government, even though it was the largest party in the elected assembly, to press for electoral and constitutional reform. The Govern ment was left in the hands of a group of "moderates," but France soon recognised the local political realities. Britain and France dropped their old rivalries and decided to co-operate to bring about a smooth transition to inde-

The Vanuazku is a mildly left-of-centre party whose big-gest problem, if it takes office, is likely to be to forge a measure of economic indepen-dence while meeting nationalist aspirations. Government revenue is almost entirely dependent on grants from Britain and France, and foreign exchange comes from the same source plus some copra exports and earnings as a tax-free financial centre and tourist destination.

Britain alone is providing £3.5m this year in project aid and paying for 160 administra-tive posts. In addition, 53m has been set aside to fund projects which could eventually generate revenue for the Government.

An independent Government needing revenue will be faced with deciding whether or not to promote the status of the New Hebrides as a tax-haven. At present a handful of foreign banks are established in Vila. including the Hongkong and Shanghai, Barclays, ANZ and Banque de l'Indochine. Some offshore loans are booked through these branches.

There is also an active business in brass plate companies taking advantage of the lack of tax, easy registration and the application of British commercial law. The Vila connection is attractive to Hong Kong companies wishing to avoid that colony's taxes. It is also popular among Australians who looked Vila after Camberra cracked down on Norfolk Island's status as a tax-haven.

Distance is also a barrier to the development of tourism, and unlike either New Caledonia with nickel or Papua New Guinea with copper, no instant revenue sources have been discovered. Independence therefore bring a difficult dilemma: whether to encourage expatriate-oriented activities like tourism and banking to generate foreign exchange, or opt to lower the standard of life for the better-off, reducing consumption of wine, cars and imported food, and try instead to raise the low standard of living of its isolated subsistence farmers and fishermen.

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10 Cannon Street, ECAP 4BY This economic problem is likely to be more of a difficulty bruptly changed its mind than replacing the condomium's bout independence for the awkward dual control system Unlike the with a unified national adminis-

UK COMPANY NEWS 55 companies wound-up

Lycles); Absotent.

I. N .Transport and Haulage. Associatés (Media Enterprises); Nash House Investnents; Thorncot Properties; and I. M. Rogers.

Twig Investments; Alexander Hair Formation"; Courtesy Carriers; and Driancrest. Folmead, His and Hers Hair-Ladhali;

dressing Longrealm; and Povington. Doledene: Middle East Public Relations Agecalm; Bristol Study Tapes;

Camelot Coatings; and F.A. Building. Finality Laminations; J. W oliver (Haulage); Manhattan Computer Systems; Prizehurst; and Palmer Machinery. Rokebill Builders; The Silent Majority Company; Westodeal; Fabrique Enfant; and C.A.C.

and Keland.

A compulsory winding up order made on November 5 against The Court Ballrooms (Ballam) was rescinded and the petition dismissed by consent.

A compulsory winding up order made on October 29

against Owen Interiors was rescinded and the patition adjourned for 28 days, after it had been stated that the company Trade Company; had been struck off and dissolved.

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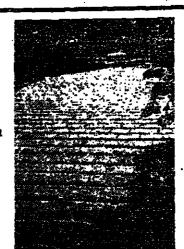
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Companies and Markets

BY PAUL BETTS IN ROME

THE FUTURE of Fiat. Italy's ever, the group's financial hold-which he claimed Sig. Amendola largest private enterprise which ing, Fiat SpA, is still expected had not considered the party's is expected to report a loss on to return a dividend this year. its car manufacturing activity largely as a result of profits this year, could be seriously from its financial operations, jeopardised if protracted labour. The current dispute between The current dispute between agitation facing the company Fiat and the unions has now provoked widespread political continues according to Sig. Umberto Agnelli, Fiat's deputy repercussions in Italy, and indeed appears to have deeply chairman and chief executive. . The warning appeared in the embarrassed the Italian Left, latest issue of the company's particularly the Communists, in-house magazine, Illustrato Italy's second largest party. Fiat. which is distributed to the Sig. Giorgio Amendola, the roup's 300,000 employees. veteran Communist Party It comes at a time when Fiat leader and one of its most group's 300.000 employees.

is involved in a major confron- influential spokesmen, has now tation with the Italian trade publicly criticised both his unions over the company's deciparty's recent policies and the unions over the company's decision to dismiss 61 workers it trade unions, claiming they had claims have been instigating both adopted ambiguous and violence and unrest in its Turin contradictory positions and plants. The unions are accusmust share the blame for the country's current social and economic difficulties. ing Fiat of attempting to undermine their influence and re-In an article in the Comestablish the authority of the munist weekly Ringscita, Sig, Amendola wrote at length on

Sig. Agnelli said Fiat had lost 200,000 cars this year because of labour unrest, and that the group's car sector would report a financial loss this year. Fiat's car production this

expected to total 1,450,000 cars, but could have discussions and rifts within been much higher if the com- both the Communist Party and pany had been able to meet the demand for its models intro-duced earlier this year.

about 45 per cent of the group's his party publicly at the week- of intimidation and violence overall annual turnover. How- end in a speech in Rome in inside the plants."

long-term objectives.

Such a public discussion by the Communists about the Communists is a rare event in Italy, and reflects the deep preoccupa-tion of the party following its setback in the June general election The Communists losses in the election demoralised the party's rank and file and caused growing strains within its leadership.

Moreover, the absence of any major unrest in Turin yester-day, when the workers dismissed by Fiat and reinstated by the Turin labour tribunal tried to resume work but were turned away by the company, was also regarded as significant.

The unions are clearly deeply embarrassed by the whole affair, as they have repeatedly condemned violence in the factories, but at the same time they have been preoccupied over no losing support on the Left.

After the decision by the Turin labour tribunal to reinstate the 61 Fiat workers last Thursday, Fiat issued new dismissal notices and handed them to those workers who tried to return to work yesterday. In the company's magazine, Sig. Umberto Agnelli claimed they Fiat's car sector accounts for general, was forced to defend had "contributed to the climate

FT INTERNATIONAL MARKETS COVERAGE

Tokyo features in extended list

mining lists have been anal-

gamated. There has been no

stock markets is being extended by the Financial Times from today. Some indices are being changed, new ones are being introduced and the list of stocks carried by the paper is being expanded. The new service coincides with the revival of interest in foreign markets, which has followed the recent abandon-ment of exchange controls.

The FT has already made sentation of the North American stock markets. The number of New York stocks listed has been increased by around a half. To accommodate the addi-

tional space required for stock prices, the FT has eliminated the dividend and yield columns

Benchmark index. which have until now been featured in most foreign stock lists. Wide variations in the calculation of these figures in individual countries, coupled with the differing tax position of dividends abroad, made the entries difficult to compare and of doubtful value.

Every Monday, however, the FT will publish the year's highs and lows for listed stocks (as at present with London prices).

The purpose of the new

entation is to provide readers with a more comprehensive and accurate markets have in the past been

Indices have been changed to conform with the attention paid to them locally, while the selection of stocks has been based on trading volume and their importance to the economy.

The most drastic revision is in the coverage of Tokyo stocks. Until now, less space has been devoted to this market than, for example, to Canada, despite the fact that Tokyo has the second significant changes in its pre-largest market capitalisation of any stock exchange—more than twice that of London. The number of stocks listed has accordingly been increased from 42 to 198 and a new index, the Tokyo

Benchmark index

Like its New York counterpart, the Tokyo Dow is a benchmark index, probably of wider interest than the more comprehensive Tokyo New Stock Exchange index. The latter is fixed index, incorporating finance and however required information for the specialist investment manager, so in future the FT will publish both.

To strengthen the Far East The CAC General index records the opening prices on coverage further, a small num-ber of Singapore and Hong the Paris "comptoir" Kong stocks will be quoted daily. Prices for these two market. Since French brokers

The main change in Australia market, the FT is also publish movements more difficult to has been to introduce the ing an index for "a terme" compute. The Commerciank re-Sydney Metals and Minerals prices. This is the "Indicateur mains a useful tool, however, so index, which will be quoted de Tendence," a more narrowlytogether with the Sydner All based index that the "CAC Generale" comprising around 50 Share Ordinary index. The South African industrial and

The three most heavily traded The European stock listings have been amended, but more domestic bonds have been added to the Paris stock list, in recogmodestly than those for the Far nition of the very large volume East. The size and content of in state-sector bonds on the exindividual lists have been change. They comprise two 1973 revised. More major surgery has been carried out on the state issues and a bond from indices used for European the Caisse Nationale de countries.

The countries of the caisse of the caise of the caisse of the caisse of the caisse of the caise of the caisse of the caisse of the caisse of the caise of the linked to the gold bar, the other to a gold coin and they move roughly in line with the gold price, while the price of the CNE bond is determined primarily by the transport of the contract o The index hitherto used for France is the "Paris Bourse Otherwise known as CAC Industrial" Index, it is produced by the French stockmarily by the turnover of state

energy bodies.

service stocks, which is more widely used in Panis than the industrial version. In future, Commerzbank index, which is comprehensive but used less widely in Germany than the the FT will publish the CAC Frankfurtrer Allgemeine Zietung (FAZ) index. A problem with the Commerzbank model is that the base predates the FAZ by five years, so that the

COVERAGE OF international view of overseas stock markets. confined to a weekly quotation, and "a terme" or account figures are much higher and both indices will now be listed A supplement to the FTs index for the Nethrlands was also stocks and based on late trading. felt necessary. The ANP-GBS industrial index excludes finangamated. There has been no French domestic bonds cial and insurance stocks, which change in the South African French domestic bonds have considerably outperformed the Amsterdam market over the past few years. It also leaves out international shares, which comprise the bulk of the market's capitalisation and attract most foreign interest. The ANP. CBS general index is therefore being added.

Indices have also been intro-duced for Vienna and Oslo, since the FT prints stock prices for both markets daily. Finally, the name of the Stockholm index-has been changed from Stockholm Industrial to the accurate. form of Jacobson and Ponsbach. Further information on stocks For West Germany, a second and indices can be obtained index has been added. Until from the following address:

now, the FT has quoted only the Statistics Department, Final and indices can be obtained Statistics Department, Financial Times Library, Bracken House, Cannon Street, London

> The department can in some cases provide historical information about prices and indices. If not, it will put readers in

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EUROBONDS

Pact on placing of DM issues

the Fiat issue, using it as a

peg to condemn many of the

recent policies of the unions

Sig. Amendola's blunt criti-

Sig. Enrico Berlinguer, the

Communist Party secretary-

cisms have now caused bitter

and his own party.

BY FRANCIS GHILES

MEMBERS OF the German be repeated—at least for the of which will be brought by Capital Markets Sub-Committee time being.

Commerciank (on November 15 Capital Markets Sub-Committee time being. have reached a gentlemen's agrement whereby any foreign Deutsche-Mark bonds they may arrange in the future will not be placed directly outside the German capital markets.

This follows the placing by BHF Bank of a DM100m bond The gentlemen's agreement is

also understood to include an undertaking not to list D-Mark

man bankers say that the Bunsuch a development. banker in London snapped: "he

who tried would need guts." technicaly need not be included in the calendar, could be added.

As for a non-German bank and 20 respectively) and two by attempting to arrange a Deutsch Westdeutsche Landesbank (on Mark denominated bond, Ger- November 26 and December 7). The issue for the supranadesbank would look askance at tional borrower, which could be One a large one, is widely expected "he to be brought to the market by the Deutsche Bank.

for the European Investment The Sub-Committee yester Dollar European <u>prices</u> Bank in London last week. The day agreed on a calendar of moved up yesterday on the back issues amounting to of a sharp fall in Eurodollar news of this placing ruffled a new issues amounting to of a sharp fall in Eurodollar few feathers in the German DM 400m for the next three interest rates. The three month banking community, especially weeks to which an issue for a Libor rate fell by nearly i of a among some of the larger banks. supranational borrower, which point to 15 3/16-7/16 per cent. Straight dollar bonds posted in the calendar, could be added. gains of between 1-1 a point No date has been set for the but demand was strongest for bonds arranged in the German next meeting and the sub-com- floating rate paper. Some issues capital markets solely in a mittee might thus not convene which have recently had their foreign stock exchange, such as until after Christmas. The coupon set or readjusted are Luxembourg. This has happened DM400m worth of new issues is now offering investors a better a few times but is unlikely to split into four equal sizes, two return than the money markets

Reliance Group to buy **UV Industries for \$449m** YORK - Reliance

Group, the leasing and insurance company, and UV Industries yesterday jointly announced that their Boards have approved an agreement whereby Reliance would purchase all of the assets and assume all the liabilities of UV for a total consideration

The purchase price consists of \$5 in cash and \$24.50 principal amount of 20 year 131 per cent subordinated sinking fund debentures for each corrently cutstanding share of UV common stock.

Shareholders of UV Indus-tries, which is 23 per cent held by Sharon Steel, approved a Plan of Liquidation in March this year, which calls for the assets ot be sold or distributed to shareholders. The sale of Federal Pacific Electric to Reliance Electric for \$345m was completed in March. The company has also sold

off its oll and gas properties to Tenneco Corporation for. \$135m and the management has said that it "is working with numerous parties who have expressed interest in other operations of the com-

Its principal remaining operations are copper mining and milling in New Mexico: mining of low sulphur steam coal in Utah: gold mining in Alaska: and the fabrication of copper and brass products by Mueller Brass-the spinning off of Mueller to shareholders has been considered.

In 1978 ITV Industries earned \$4.55 a share on sales of \$593.9m with the bulk coming from the electrical and electronic divisions.

The assets of UV Industries consist of its various natural resource and other properties and approximately \$306m in .. and " securities.

The liabilities include various indentures - The debentures will mature

in 2000 and be redeemable in 1990 at the principal amount thereof through operation of a sinking fund providing for the redemption of 5 per cent of the debentures per annum and will be callable at a premium at Reliance Group's option, beginning in 1989. In all other material respects, the debentures will

have substantially the same terms as Reliance Group's 91 per cent subordinated sinking fund debentures due 1999 which are listed on the New York stock exchange. An application to list these debentures on the NYSE will be made by Reliance Group.

Locatel hits at State for bid hold-up

THE FRENCH Government's reference of the bid from Thorn Electrical Industries of the UKfor Locatel, the television hire company, to the Monopolies Commission has attracted the disapproval of the French group's main board.

Presenting the accounts for the year to the end of August, the board said that it regrets the problems caused to shareholders by the reference, which was made in September after the agreed bid in June. No decision on the offer by the British company has so far been announced by the commission or the Economics Ministry, the final

Locatel's annual figures show solid improvement in profits, which rose by 21.8 per cent from FFr 11.6m in 1977-78 to FFr 14.1m (\$3.3m) last year. 1977-78 to This follows an increase in the depreciation charge FFr 56.5m to FFr 60.7m. from

Locatel is reckoned to be the largest French television hire company, controlling some 80 per cent of the market. But its figures show that so far the hire business in France is in its infancy. Out of a total of 15.5m television sets in use in France, Locatel owns 98,856 colour sets and 72,681 black-and-white. The Locatel board is propos-

holders. Total outlay will go up from FFr 6m to FFr 8.4m, giving a payment per share of FFr 10.50 net of tax, compared with FFr 9.50 in 1977-78, The French pharmacenticals and cosmetics company created by Elf Aquitaine, Sanofi, is well on the way to increasing its profits this year.

ing a higher dividend to share-

First-half figures for the group, which is now in the process of reorganisation, show net earnings of FFr 61.3m (\$14.6m) There are no figures available for the same period last year, but during the whole 12 months of 1978, Sanofi earned FFr 89.9m.

Increased turnover at Frionor

BY FAY GJESTER IN OSLO

trade both on the "comptoir"

THE NORWEGIAN frozen foods achieved despite a fall in raw that freezing plants should be company Frionor, which has subsidiaries in Britain, the U.S., West Germany, Sweden and Switzerland, has reported a 13.4 per cent increase in turnover to NKr 1.1bn (\$220m) in the year to June 30. Exports accounted for NKr 887m of this. Volume sales rose by 14.3 per cent to 90,000 tomes of deep frozen products, of which fish and fish products accounted for 81,000 tonnes.

The company, which is a marketing organisation for 120 Norwegian freezing plants, said Norwegian freezing plants, said material supplies as a result of Comecon countries at that satisfactory results were smaller catch quotas. It urged to about 7 per cent

plants—a result of poor catches plies in the period. This cut frozen fillet production by about 13 per cent, but the fall was more than offset by increased output of less traditional lines such as frozen capelin, mackerel, blue whiting and whale meat, plus a highly processed goods.

However, the company expressed concern at the prospect of a further fall in raw

material supplies to its filleting given priority when scarce supplants—a result of poor catches plies are being allocated. The decline in the value of the ... dollar during the year made the company concentrate its sales efforts on more profitable markets such as the UK, where currencies appreciated. The U.S. remained Frienor's most rise in the production of more important single market, how-highly processed goods. ever, accounting for 34.5 per-cent of total turnover. Second came the EFTA area (28.8 per cent), followed by the EEC (18 per cent). Exports to the Comecon countries rose slightly

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

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Comalco Inv. E. 10% 91	40			+05			
Continental Grp. 95 86		894	89	+0-2	+03	12.0	i :
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Oow Chem. O/S 95 94	200	86¹,		+13			
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1B 10 ¹ , 87	150 100	189 4071.	307	+12	+04	17.83	•
IB 10.15 99	100	190	9374 931	+15	TIME	11 8	·
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XDOR DV. Con. 93. 84.	150	924		+04			
inland 91, 86	100	887	883	+0%	+0%	12.02	
-iniang 97 89	100	187	88	+1	407	12.18	;
STE Finance 912 84	50	905	914	+13	+0%	12.32	<u>!</u>
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ludson Bay Co. 10 94	60	. 89	297	+1	107	11 FG	
TT Antilles 972 89	75	863	864	+04	-05	11.93	٠.
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lorges Komm. 97, 99	100	189	90%	+1	412:	11.48	
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rgentina 7½ 88 sian Dev. Bk. 7½ 89... Tel. & T. 5 2 87

SWISS FRANC Bid Offer day week Yield

SS 257 0 - 05, 5.58

SS 357 0 - 05, 5.58

SS 357 0 - 05, 4.77

SS 357 0 - 05, 4.78

SS 3 Bergen, City of 44, 91...
BNDE 5 89
BMW Overseas 44, 91...
Coisse Nat. Tele. 45, 89
Canada 35, 89
Copenhagen 42, 91 Coisse Nat. Tele. 45 89 100
Canada 35 89 300
Copenhogen 47 91 60
El8 47 91 100
El8 47 94 100
Elst. de France 47 89 100
GZB 47 89 100
Hitt 47 81 35
ICI Fin. NV 37 94 27 GZB 44, 89
Hito 47, 81
ICI Fin. NV 27, 94
Int.-Amer. Dev. 47, 88
Malaysia 5 88
Malaysia 5 88
Nordic Bank 5 89
Shikoku El. Pwr. 45, 89
Spalin 4 81
Stewag 44, 81

Australia 5,6 83 Australia 6¹2 88 ElB 7¹2 89

Norway 84, 84 F1 Norway 84, 84 F1 Air France 11 84 FFr Euratom 94, 87 FFr Euretom 93, 87-FFr
Finland 11 24 FFr
Finland 11 28 FFr
Gsz de France 11 84-FFr
Norway 9½, 84-FFr
PSA Peugaot 9½, 87-FFr
Ranauk 9½, 85-FFr
Saint-Gobein 9½, 86-FFr
Solvey et Cle 9½, 87-FFr
Total Oli 9½, 87-FFr
Citicorp 10 93 £
EIB 9½, 88 £
EIB 11½, 91 £
Finance for Ind. 13 91 £

Mitsubishi 7½ 84 KD ... 10
Norgas Kom. 7½ 89 KD 12
Occidental 8½ 91 KD ... 7
Akzo 9½ 87 LuxFr ... 500
Euratom 8 87 LuxFr ... 500
Norgas Kom. 8 86 LuxFr 500
Oslo, City of 8 89 LucFr 500

Williams & Glyn 5-, 91 07-, 97

Bq. E d'Alg. 4, 39 SF 07-, 95

Bq. E d'Alg. 4, 39 SF 07-, 95

Bq. E d'Alg. 4, 39 SF 07-, 95

Bonds

AGA Akt' holag 7-, 89... 10/78 145

Acahi Optical 7-, 89... 10/78 145

Acahi Optical 7-, 89... 11/78 145

Conon 6-, 94... 1/79 605

Conon 6-, 94... 1/79 675

Conon 6-, 94... 1/79 675

Conon 6-, 94... 1/79 675

Conon 6-, 94... 1/79 1325

Daiet inc. 6-, 94... 11/78 1020

Baselto 7-, 89... 11/78 1020

Mitsubishi Cp. 6-, 84... 10/79 604

Mitsubishi Cp. 6-, 84... 10/79 735

Toshibs Cpn. 7-, 94... 10/79 735

Toshibs Cpn. 7-, 94... 10/79 735

Fullitus 5-84 DM... 1/79 735

Fullitus 5-84 DM... 1/79 735

Tokyo Elec. 3-, 87 DM... 4/79 476

94-, 95-, -1-, 11/79

Tokyo Ld. Cp. 4-86 DM. 4/79 476

No information available previous dev's price.

Straight Bonde: The yield is the yield to redemption of the mid-price; the emount issued in dollars unless otherwise minimum. C. dte Date is alternonth offered rate († three-month) for U.S. dollars.

Connectible bonds: Denominated in dollars unless otherwise Indicated. Coupon shown is minimum. C. dte Date is alternonth offered rate († three-month) for U.S. dollars.

Connectible bonds: Denominated in dollars unless otherwise Indicated. Cong. day = Change on day. Cny. date = Nominal amount of bond per share appressed in currency p

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Rising costs hit profits at leading Swiss watchmaker

BY JOHN WICKS IN ZURICH

the Swiss watch industry, Auge- a result of the currency situation in taken place a year or two ago, set of the currency situa end the distribution for the However, both orders and turnnancial year ended June 30 of over are appreciably higher in reduced dividend of SwFr 12 the second half of 1979, and er share, down from the turnover should be close to that wFr 16 rate paid for recent for last year.

5.02m in 1977-78 to WFr 4.8m (\$2.9m) in 1978-79. otal earnings went up from ew exchange-rate levels.

In calendar 1978, group turn-calendar 1979 ought to be about ver rose by 2.3 per cent to the same as last year, with

BY OUR ZURICH CORRESPONDENT

odenmann, president of the account. Funtry's Federal Banking Com- Dr. Bo

BY DAI HAYWARD IN WELLINGTON

er for many years. Millions shares are involved in the

eal, which will produce a rong, widely based financial

ent of Broadland shares at the

Z\$201.4m and shareholders'

hallenge Finance and Chal-

nge Securities. To do so,

pares. Challenge Corporation

ill then make an offer for

The offer will be one Chal-nge share plus NZ\$1.41 cash

ir every four ordinary Broad-

inds shares. This values Broad-

UMW) the Malaysian heavy

nnounced an issue of 8m

1 accordance with the Govern-

tent policy of encouraging tore Malay participation in the

The shares of 1 ringgit each

re to be sold at 1.4 ringgit, nd represent 17.85 per cent of re increased capital of 44.8m

UMWs shares closed at 1.37

orporate sector.

inds shares at 91 cents. Before the plan was released,

Under the arrangement,

inds of NZ\$22.2m.

roadlands shares.

impany.

e Basle daily Basler Zeitung.

obably determine new equity he said, and the development of

tios for banks next year, individual sectors of activity cording to Dr. Hermann will also have to be taken into

ission, in an interview with that any increase in the capital

A review of the existing ratios said in the interview that exist-

ill be necessary in connection ing equity ratios in Switzerland

nd agricultural and financial cents, having moved up from

ctors, Challenge Corporation 50 cents a few months ago. Chal-

Challenge held only 5 per funds to NZ\$150m.

ith the presentation of con- were probably "among the top they offered.

Herr Heinz Haemmerli (group Net profits of the Bienne. vice-chairman) said that cash ised parent company fell from flow was well above SWFr 50m wFr 5.02m in 1977-78 to last year, which he described as "satisfactory but not good." Given operational depreciations WFr 22.13m to SWFr 24.33m of about the same sum, Herr 114.7m) over the year, but Haemmerli said that operational sts increased noticeably, par results were about parameter cularly in the case of the slightly negative. Investments were also at about the SwFr 50m

He added that results for NFT 1.19bn (\$724.2m). Sales investments probably

Review of bank equity ratios

HE SWISS Government will solidated bank balance sheets, third" in an international com

Dr. Bodenmann, who stressed

resources of a bank reduced the

loss risk of the bank's creditors.

Finance merger in New Zealand

WO GIANTS in the New Zea- Broadlands shares stood at 83 assets of NZ\$25m and share-

eginning of last week. After involved in the merger, the Philips already has 64 per cent minority interest in Broadlands of Pye through its purchase of ntinue to operate as a separate held by the Wells Fargo Bank Pye of Cambridge UK.

11 tity — in the Challenge will be bought by Challenge. A Philips is offering NZ\$1.55 for link with Wells Fargo will be each Pye share which last Friends.

Broadlands has total assets of retained, with Wells Fargo act- day was quoted at \$1.25. Recent

hich is welcomed by Broad gives Broadlands many advan leading manufacturer in the nd directors, Broadlands will tages. It has long been the only consumer and industrial televi-

quire the share capital of two major New Zealand finance sion and audio fields. For the

roadlands will issue 12.5m ful Challenge rural banking DUNLOP NEW ZEALAND has

strengthen it considerably. Chal-cent

- Wrightson NMA.

hallenge financial companies, house without a direct link with first six months

UMW issue to meet equity rule

As a result of the two com-panies joining forces, Challenge *

Corporation's issued capital will THE NEW ZEALAND subsi-increased by 6m shares to diary of the giant Dutch Philips

As part of the reorganisation land based Pye Electronics.

ing as an agency and in a correspondent role.

The deal will cost Philips
NZ\$3.5m (U.S.\$3.4m). Pye is a

a trading bank. Now it will reported a profit of NZ\$622,000. have the backing of the success * * *

merchant banking arm of the by improving production tech-Challenge Group, has total niques.

and shareholders' Electrical Group has made a

HE LEADING company in fell in the first half of 1979 as slightly to about SwFr 40.45m. ie Swiss watch industry, Allge- a result of the decline in orders. The dividend cut should have

> The Asuag group is active in the field of watch components and movements, finished watches and non-watch products. Its major operating subsidiaries are the Ebauches group of watch component manufacturers and the General Watch Company, whose best-known brands are Longines, Certina and Eterna.

However, he pointed to the success of Switzerland's big banks as proof that the ratio

requirements are not as great a

He added that above-average

own-capital levels also acted as

an attraction to clients in view

of the heightened security that

The Challenge Corporation

bid for full control of the Auck-

burden as has been claimed.

The group has been concen-According to a Nibon Keizai trating its investments on electronics and the non-watch survey of 306 companies listed on the first and second sections of the Stock Exchange, operating profits were up 20.3 per cent over the previous half-year, to March 31. The March half sector; electronic items now account for 34.2 per cent of group turnover, while in the medium term non-watch products are expected to grow to had been a record one for earnings, with a 24.4 per cent halfsome 20 per cent of sales by

> The financial newspaper said that results in the ourrent half year ending next March will continue to show gains, but that from a downturn in the economy caused by a tightening of credit.

costs resulting from oil price

Japanese

earnings

ahead of

forecasts

Uptrend at drug companies

By Yoko Shibata in Tokyó EARNINGS OF Japan's top pharmaceutical companies remained on an upward trend in the first half of the current fiscal year. Variations in the rates of earnings growth; however, resulted from the differing emphasis placed on sales of high-margin products and the exploitation of new drugs.

Companies that put special ctors, Challenge Corporation 50 cents a few monus ago.

In Broadlands Dominion, are lenge Finance has assets of also has better resources to display the distance of almost NZ\$8m.

In a lenge urban land areas held by stress on high-margin drugs which they have developed themselves enjoyed double digit growth in operating profits. These included Takeda Chemical Industries (which pro duces Lilacillin), Fujisawa (Cefamezin), Daiichi Seiyaku (Pantosin), and Eizai (Neu-quinon). Sankyo doubled its operating profits, helped by sales of the cancer drug, Krestin The introduction of new drugs also contributed to an upsurge in earnings at Sankyo Cefametazon)

(Methycobal). Strong sales offset the Government's 5.7 per cent average price cut on drugs, which went into effect last Takeda Chemical Industries

enorted a Y7hn special loss for the payment of SMON (subacute myelo-optico neuropathy) of the fiscal year.

reported a 35 per cent profit Adding the solidly based increase for the first six months Challenge Finance and Chal- of this year. This takes profits For the second half of the year, each company expects lenge Securities subsidiaries to to NZ\$638,000 for the half-year, the Broadlands operations will The company records a 12 per sluggish sales of drugs ahead of the next listing of prices of drugs in the spring, against the lenge Securities, which is the NZ\$32.8m, and stabilised costs background of the increase in materials caused by the yen depreciation.

In addition, it is feared that the government's cut in drug prices will affect earnings in the current period. For the full year ending next

March, Takeda expects operat-ing profits of Y45bn (up 10 per cent) and net profits of Y16bn (up 17 per cent), on sales of Y410bn (up 10 per cent). Sankyo expects operating profits of Y10.5bn (up 44.8 per cent) and net profits of Y4.2bn (up 35 per cent), on sales of Y153bn (up 16 per cent). Fujisawa expects operating profits of Y30bn (up 138 per cent) and net profits of Y13.5bn (up 12.6 per cent), on sales of Y13Sbn (up 9.1 per cent). Shionogi-expects operating profits of Y16bn (down 2 per cent) and net profits of Y7.7bn (down 2.1 per cent), on sales of Y129bn (up 7.9 per cent). Elzal expects operating profits of Y14.5bn (up 18.9 per cent) and net profits of Y5.4bn (up 18.7 per cent), on sales of Y91.5bn (up 10.6 per cent). Daiichi Seiyaku expects operating profits of Y8.5bn (up 14.7 per cent) and net profits of Y3.1bn (up 12.5 per cent), on sales of Y66bn (up 10.1 per cent). Banyu Siyaku expects operating profits of Y7.1bn (up 4.9 per cent) and net profits of Y2.9bn (up 9.8 per cent), on sales of Y55bn (up 8.5 per

Investment up

at Isuzu TOKYO-Isuzu Motors, the Japanese motor vehicle manufacturer, is to make capital investments of Y120bn (\$500m) over the next two years, primarily to develop fuelefficient small cars for exports. Isuzu said that the amount was the largest the company has ever scheduled for capital spending. The company plans to invest Y60bn on research and development, Y30bn in the expansion of production facilities and another Y30bn to strengthen its marketing net-

Other Japanese motor companies are reported to be planning heavy spending programmes—with Toyota Motor Company, Japan's largest, intending to invest a record Y150bn in the fiscal year ending pext June, Nissen Motor Company Y110bn—in the year ending next March and Toyo Kogyo Company, the maker of Mazda cars, Y120bn over the two years beginning next April 1. AP-DJ

First-quarter upsurge for **Thomas Nationwide**

BY JAMES FORTH IN SYDNEY

By Richard C. Hanson in Tokyo A SURVEY of the husiness results issued so far for the started the current year on an developments, including an un-raise A\$17.3m, or A\$21.3m if even better note than the record secured note issue, an issue of full oversubscriptions were 1978-79 period, with a 91 per stock options to shareholders accepted. The notes will also cent leap in profit for the first and the introduction of carry options, at a price of one half-year to September 30 shows running above the earlier forecasts. quarter to September 30. Mr. quarterly dividend payments. He cent, on a one-for-ten basis. F. W. Millar, the chairman, told also raised some doubt about the TNT plans also to iss Many companies have apparently benefited from the yen's depreciation, which has F. W. Millar, the chairman, told also raised some doubt about the shareholders at the annual meeting in Sydney yesterday that major shareholders of Ansett, and noteholders on a one-for-tening analysis of the major shareholders of Ansett, and noteholders on a one-for-tening form the major which the Western basis, which would account for the major shareholders and noteholders on a one-for-tening form ASE 5m to Australian businesses where the passes which would account for the major shareholders. boosted exports, from strong increases in private capital spending, and from price in-creases in articipation of higher quarter jumped from A\$5.5m to A\$10.5m (U.S.\$11.5m).

> rose 43 per cent from A\$136.5m to A\$193.8m (U.S.\$212m). The result follows a boost of 64 per cent in profit in 1978-79, from A\$14.2m to A\$23.4m. Sir Peter Abeles, the chief

> executive of TNT said that he expected the growth rate to be

> > October 1979

RESULTS AT Thomas Nation- half, and that the full year was notes would be issued at wide Transport (TNT) the interagain likely to bring a record. A\$86.28, to give a yield of national transport group have Mr. Millar also unveiled other almost 11.75 per cent, and would

Mr. Millar said that TNT had arranged for an underwritten Millar and Sir Peter. private placement of unsecured notes with a face value of A\$20m with the right to take oversubscriptions up to A\$5m. maintained at least for the first- The 8.5 per cent six-year A\$100

puarter jumped from A\$5.5m to Australian businessman, Mr. about 9m options, and will Group revenue for the quarter gain control of the Ansett options be issued on the same basis to sharehold to the same basis to sharehold. basis to shareholding companies associated with certain execu-tive directors, including Mr. options are convertible to shares on October 31, 1984 at A\$1.80 a share. If all the options were issued and exercised, TNT would obtain A\$28.6m.

Thiess fights CSR bid

By Our Sydney Correspondent

THE DIRECTORS of Thiess Holdings, the Queensland coal group, again urged shareholders yesterday to reject the A\$460m (around US\$500m) takeover offer from CSR — the largest ever bid in Australia.

Last Friday, it pointed out,

Thiess shares had been traded up to A\$7.16, after the announce-ment, above the cash offer of A\$6.74, while CSR's price had dropped to A\$4.42, valuing its share and cash mix at A\$6.87. Yesterday, however, the CSR share price rose to A\$4.50, valuing its share and cash bid at A\$6.97, while the Thiess price weakened to A\$7.0. The Thiess directors have said that an independent valuation places a value on Thiess shares of from A\$9.19 to A\$13.12.

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Medium Term Multicurrency Loan

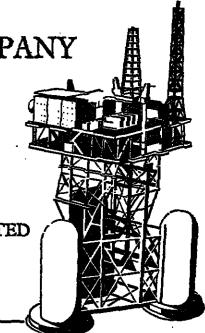
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Maureen Field

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Focus on Hessische Landesbank - Girozentrale -

"Half of Germany's top 10 banks are Frankfurt-based. We're one of them."

Let's start with Frankfurt. Why is Frankfurt so important?

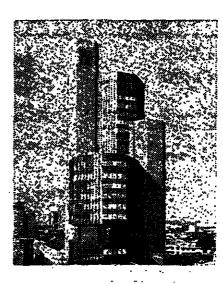
Trankfurt ranks among the world's foremost banking and financial centers, 150 German banking institutions operate here, and Frankfurt has 174 international banks, more than any other city in Continental Europe.

The Bundesbank is headquartered here, and the Frankfurt Stock Exchange is Germany's largest, accounting for nearly half of the stock exchange transactions, 64 per cent of dealings in foreign shares and 80 per cent of the business in foreign fixed-interest securities.

Perhaps less well known internationally is that Hessische Landesbank is one of Frankfurt's big native-born banks. Half of Germany's top 10 banks are Frankfurtbased. We're one of them."

Now about the bank itself. What's its size and structure?

"With total assets of DM 45 billion, Hessische Landesbank is Germany's 9th largest bank, 3rd among Landesbanks, As a governmentbacked regional bank, our liabilities are guaranteed jointly by the State of Hesse and its Sparkassen and Giro Association. We also act as banker to the State of Hesse, from which our name is derived, and perform clearing functions for the 52 regional Sparkassen?



What about your service facilities?

"We concentrate on wholesale banking and medium to long-term fixed-rate DM lending. As a German universal bank, our facilities cover the full range of commercial and investment banking services. Because we don't operate a branch network, we can devote our time and energy to wholesale banking activities.

In recent years we have strengthened our participation in international issues. And we provide comprehensive investment management and brokerage services, including securities trading. Our membership of the Frankfurt Stock Exchange facilitates dealing in quoted shares and fixed-interest securities."

And sources of famils?

"A large part of our funding is done by issuing bearer bonds and SD Certificates (Schuldscheindarlehen). The total in circulation is about DM 28 billion."

Who are the bank's main clients? "As a wholesale bank, our service

facilities are tailored for large, internationally active corporations, foreign governments, and other financial institutions, as well as subsidiaries of international companies operating in Germany. As bankers to the State of Hesse, we naturally support its state-wide and municipal programs. We also work closely with Hesse's Sparkassen and their clients, especially on the foreign side."

How do you see your position developing internationally?

"Frankly, a number of German banks offer similar high-quality services, and some of them have a head start on us in the international field. Without neglecting our home base in Frankfurt, we have assembled a team of banking professionals devoted to building a strong international track record based on pragmatic banking principles, the most modern technical and support facilities, and the highest standards of client service. Banking in Frankfurt is quite competitive, and the banks who try harder for their clients and give them fast, personal service often have the edge. This is one of our major objectives."

Hessische Landesbank - Girozentrale -Junghofstrasse 18-26 D-6000 Frankfurt/Main Telephone: (0611) 132-1 Telex: 0411333

Rolinco **Annual Report**

1978/9

Rolinco, one of Europe's largest investment trusts, comments on the world-wide investment climate in its latest Annual Report. It lists its portfolio and its principal purchases and sales and explains the reasoning behind these moves.

Copies of the Annual Report and an explanatory booklet Rolinco are available from the Company:-

Dept. 2840, p.o. box 973 botterdam rolland

Helaba Frankfurt
Hessische Landesbank-Girozentrale-

Vizcaya International N.V. \$25,000,000 Guaranteed Floating Rate Notes Due 1981

DATED: 8th November 1979

MOTOR WORKS making special issues to Bumi- well during the second half putras. However, Mr. Antonio because of strong demand for Salgado, general manager of Asiavest Merchant Baukers, sares to Bumiputras (Malays), which is advising UMW on the issue, said that the price was enlarged capital. based on the revaluation of the company's assets as at June this

> As a result of the revaluation, he said, the net asset backing of the group was now 1.6 ringgit a share, instead of the 1.3 ringgit at the end of 1978.

> UMW's first-half profit this year was 5.26m ringgit (U.S.\$2.4m) and showed a substantial improvement contraction

inggit on the Kuela Lumpur tock Exchange ahead of the anies offer a substantial discomparable period ount on the market value when The company is expec-

In accordance with the provisions of the above Notes, Westdeutsche Landesbank Girozentrale, as Principal Paying Agent therefor, has established the Rate of Interest on such Notes for the semi-annual period ending 12th May 1980 as Fifteen & Thirteen Sixteenths percent (151%6%) per annum. Interest due

. TO THE HOLDERS OF

on such date will be payable upon surrender of Coupon No. 7.

BANKERS TRUST COMPANY,

its products by the logging industry. It promises to pay a per cent dividend on the Advance at

Whitehead **Textiles**

increase

in sales

By Tony Hawkins in Salisbury

DAVID WHITEHEAD Textiles Zimbabwe Rhodesia's largest textile group, has announced a 54 per cent rise in trading profits for the year to September 30, with pre-tax earnings total-ling Rh\$6m on a record turn-over of Rh\$28m.

The total dividend has been raised to 8 cents a share, covered nearly two-and-a-half times by earnings. David Whitehead is 65 per cent owned in Zimbabwe Rhodesia by the Lonrbo group, while the state-controlled Industrial Development Corporation holds about 9 per cent of the equity in Whitehead. It manufactures a wide range of textile goods both for the domestic market and for

Management, Sir Keith, must begin at home

BY MICHAEL DIXON

workforce.

In Whitehall we've the triple Ds-ES, ol, and E; We've Neddies big and little, ITBs and MSC. Subcommittees, working parties, research bodies all advising. But the UK's manpower problem is continuously rising.

the above abbreviations signify. Suffice it to say that they denote volved in the development and employment of the United Ki ? dom's workforce. Judged by their apparent effect, they d not have much meaning anyway—as the verse implies.

It came into my head during a meeting of the Recruitment Society, held the other night at the Financial Times offices. The speaker was Ken Fraser, industrial director of the major Neddy—the National Economic Development Office. The main problem he was concerned about was the declire in industrial employment crused, not by modernisation, but by curbs on compartes' emparsio ticular curbs be mertioned were insufficient simplies of essential work shills. obstacles to the more productive deployment of the skills avail-

Mr. Fraser made clear that the frustrating deficiencies were not limited to skills of the shop-

APOLOGIES to those overseas languages of export customers Like the speaker, the audience generally seemed anxious to overcome the problem. Various skeins of it were unravelled during the unusually lively, subsequent discussion

Apparent agrees reached on various things that need to be done. Most of us departed disconsolate nonetheless. It was not Ken Fraser's fault, of course. But the plain message of the meting was that none of the versified bureaucracies was able to do the things needed, although there were suggestions that some of them might be done by other bodies not cited above.

Take for instance the bugbear

discussed in this column on October 16 - the unnecessary restriction of supplies of work skills crused by official refuse even to consider for training any person who does not possess some arbitrarily determined bunch of academic certificates. The National Computing Centre had demonstrated that people could become computer

programmers without even the restricted also by manageratic inadequation: the fact production engineers lack of experimental subjects in the major 16-plus examinations, I said. And I marketing inability that the Business minimum stipulated "ourlificaness in marketing in bility examinations, I said. And I entry among managers to speak the gathered that the Business work.

Education Council, to its honour discredited criterion. What was true of computer work, seemed likely to be true of other occupations where skills were frustratingly lacking. Shouldn't this possibility be rapidly x mined, and any unnecessary b-riers be cleared away?

Kan Fraser thought so too. He -i the lead could best be taken by the Confederation of British ----stry, which might bring pressure on its member comnanies to discard inappropriate criteria for recruitment.

The discussion moved before I could ask: why the CBI? Surely a most ready way of giving momentum to the necessary purge of pedantic restrictions would be for the Civil Service to follow the lead the Business Education Coun-The service could stop

ing its intake of computer מיים rammers to people with the still higher, and even less necessity "qualification" of pres grades in the 18-plus

But I suppose that any such it ive by the Civil Service Commission would be resisted by my verse's "triple Ds"— the Departments of Education fence, of Industry, and of They evidently all a continuing, perhaps interest in stendily raising the academic barriers to almost any skilled to

had responded by scrapping the of them would be at least suspect that we would still into the UK's schools is to equally resistant to another suffer from territorial restrict trudge round. Individually initiative thought essential by the Recruitment Society meet no more willing to sink their hope that they may prove coing. It was that the triple Ds separate ambitions in combined should get together with the endeavour than were Tweedlebureaucracy in charge of dum and Tweedledee, housing, whose policies have a crucial effect on the effective, or otherwise, deployment of the

> Personal experience supports this. My two eldest sons lately left the family home in jobless Lyme Regis, and swiftly found work in London. They have tackled it so keenly that I'd hardly know they were here were it not for the daily growth of the pile of Kentucky Fried Chicken boxes in my house at Greenwich. But if their father had not had that house for them to squat in, the pay that they can justify could not cover both London rent and a way of life nearly so acceptable as the dole would afford in Lyme.

Clearly, as Mr. Fraser declared, the UK needs housing policies that encourage rather than punish economic endeavour. So why don't we have them?

The reason, he felt, was that housing policy in Britain was seen as a social, not an economic concern. We seemed have an "institutionalised cultural blockage? about such matters.

But even if we freed ourselves of the cultural block and linked

I suppose also that the three housing in with the triple Ds. I element of preparation for work tions. The bureaucracies seem

> Take for another example my verse's MSC-the Manpower Services Commission which is supposed to be directed by a partnership of Government, the British Confederation Industry, and the Trades Union

Gate shut

Some time ago the MSC suggested that the many teenage schoolchildren who seem indifferent to the standard educa-"failure's" diet of watered-down academic studies, might be the better for being offered alternative courses providing a broad preparation for work. The commission drew up proposals for such "Gateway courses and started trying to

have them adopted in schools.

But the Department of Education and Science was not having its territory invaded. Nor was the notion much liked by the big teachers' unions. So—and I have this on good authority the education department informally enlisted the unions in harnessing the TUC component of the Manpower Services Com-mission to help to block the Gateway scheme. Hence the only way to inject an effective

approaching head teachers, and operative—which most of them don't seem to do.

Further evidence of the bureaucracies' inability to work in concert is provided by the virtual disappearance from the jargon of the word JASP, which was governmentally trendy only four years ago. It stood for a Joint Approach to Social Policy being taken by the various De-partments concerned. All that seemed to result from it was a single nebulous discussion paper whose title nobody I know can remember.

So how even politicians such as the Industry Secretary Sir Keith Joseph have the gall to blame our economic ills on management, unions and "past Governments," astounds me.
The seat of the malaise which
he said "will turn entire sectors into industrial fossils" surely lies in permanent govern-

The UK desperately needs a Joint Approach to Policy on Employment—a JAPE as dis-tinct from the present joke, which grows more unfunny every day. But it will never be a successfully practical JAPE unless Sir Keith and his fellow Ministers set an example and start firmly managing the Departments for which they are supposed to be responsible.

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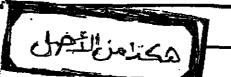
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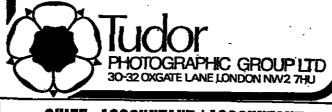
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68.0, sharply firmer than with DM 1.0877. riday's rate of 67.3.

mpanies and Markets

Overwhelming

iddle of its day's range, which remained the second most improved currency behind the riday's closing levels. Although e market remained nervous extent by further rise and most improved to a certain extent by further rise and money interest rates with call money. ntiment appeared to be favourile. In terms of the D-mark it reaching a five-year high reaching a five-year high reaching a five-year high.

In terms of the D-mark it reaching a five-year high reaching a five-year high.

TOKYO—The dollar rose to its highest level since November, 1977, against the yen yesterday, and closed at 1.247.25, sharply

prope, although dealers improved export figure mained uneasy of the effects Japan during October.

ie UK economy, which could be within Iran. Elsewhere the ighlighted by economic incida. Swiss franc came under pressure rs due later this week, seemed as operators switched into be quietly forgotten in D-marks, reflecting the higher irrency markets yesterday, and interest rates offered in West arrived to the property of the erling touched a three-week Germany. The franc was fixed igh on its trade weighted index lower at DM 1.0779, compared

PARIS-The French franc was resignation slightly firmer at yesterday's ithin the market of an imminent fixing against the D-mark with se in MLR and the probability the latter quoted at Fr 2.3435 higher oil prices after next down from Friday's level of higher oil prices after next down from Friday's level of onth's OPEC meeting pushed fring firmer. Trading was also weaker at Fr 2.1091 mewhat restricted by the osure on some U.S. centres for public holiday. The pound lira and the Italian unit was fixed to lira at \$2.0985 and rose to at Fr 5.0680 per 1,000 lira, compared with Fr 5.0660 previously. Sterling showed the sharpest increase against the franc to vel of \$2.1115 before finishing \$2.1100.2, a rise of 1.85c om Friday. \$2.1100-2.1110, a rise of 1.85c the dollar made appreciable gains to Fr. 4.2175 from Fr 4.2060.

The dollar finished in the iddle of its day's range, which remained the second most improved currency behind the

interest rates, with call money

so firmer against the Japanese firmer than Friday's level of n., rising to Y247.25 from Y242.10. Attempts by the Bank 243.50 previously. On Bank of algunes, its trade the value of its currency leighted index rose from 87.3 involved around \$150m, but appeared to have little or no appeared to have little or FRANKFURT-The dollar was effect. Demand for the U.S. unit mer at the fixing yesterday at was strong, with further speculation pointing towards higher oil of the U.S. unit was travene. The U.S. unit was the level for the day early on at the prices, and the level for the day early on at the prices between the U.S. and during the afternoon on news of the prices although dealers improved expert fourts for dealers improved export figures for

	
ENC	EUROPEAN CURRENCY UNIT RATES
TIMO.	EUROPEAN CURRENCY UNIT KATES
	and the control of th

· .	ECU central rates	amounts against ECU November 12	from central rate	% change adjusted for Divergence divergence limit %
ılgian Franc	39.8456	40.1749	+0.83	+0.83 -+1.53
inish Krone	7.36594	7.34084	-0.34	-0.34 ±1.635
ərman D-Mərk	2.48557	2,49297	-0.11	-0.11 ±1.725
ench Franc	5.85522	5.81803	-0.64	-0.64 ±1.3575
stch Guilder	2.74748	2.76791	+0.38	+0.38 +1.515
sh Punt	0.559147	0.670548	+0.21	+0.21 ±1.685
alian Lira	1759,42	1148.01	-0.98	0.98 ±4.08
Changes	are for	FCII therefore	nositive :	Change denotes t

week currency. Adjustment calculated by Financial Times.

THE DOLLAR SPOT AND FORWARD

CURRENCIES, MONEY and GOLD

	, -		_			,
Nov. 12	spread	Close	One month	p.a.	months	p.a. {
UKt	2.0970-2.1120	2,1100-2,1110	0.07c pm-0.03 dis	0.11	0.30-0.20 pm	
reland	2.0560-2.0630	2,0570-2-0600	0.50-0.30c pm		7.30-1.10 pm	2.33
Canada	1.1880-1.1383	1.1880-1.1883	0.07-0.04c pm		0.35-0.31 pm	1.11
Nethind.	1.9950-1.9980	1,9970-1,9980	0.93-0.83c pm		2.52-2.42 pm	
3eigium	29.67-29.121,	29.07-29.085	4.7-3.7c pm		9.7 pm	1.10
Janmark	5.3025-5.3186	5.3040-5.3055	7.25-1.75ore dis		3.75-4.25dis	-3.02
N Ger.	1.7930-1.8020	1.7975-1.7985	1.05-0.95pf_pm		2.85-2.76	6.23
ortugal	50.47-50.65	50.50-50.60			35-70 dis	-4.15
Spain	66.58-66.75	66.68-66.72			125-145 dis	-8.09 J
ltaly	830.75-B32.20	831.80-832.20	0.20-0.50lire dis		2.5-3.0 dis	-1.32
lorway	5.0590-5.0660	5.0640-5.0650	1,50-0.75ore pm		3.25-2.50 pm	2.27
rence	4.2035-4.2175	4.2135-4.2150	0,63-0.53c pm		7.10 -0.9 0 pm	0.95
Sweden	4.2630-4 2700	4,2590-4.2700	1.50-1.30ere pm		3.50-3.30 pm	3.18
apan	248.70-247.90	247.20-247.30	1.55-1,40y pm		4.45-4.30 pm	7.08
Austria ⁴	12,90%-12.94	12.904-12.91%	8.25-7.75gro pm		22.0-20.5 pm	
Switz.	1.6495-1.6720	1.6650-1.6660	1.76-1.71c pm	12.50	4.70-4,65 pm	11.23
			umancy Forward	bremir	ims and disc	CUNTS 1

apply to the U.S. dollar and not to the individual currency

THE POUND SPOT AND FORWARD

-	Day's			%	Three	76
Nov. 12	spread	Close	One month	p.2.	months	p.a.
U.S.	2.0970-2.1120	2.1100-2.1110	0.07c pm-0.03 dis	0.11	0.30-0.20 pm	
Canada	2.4910-2.5095	2.5075-2.5085	0,25-0,15c pm	0.56	1.05-0.95 pm	1.59
Nethind.	4.171>-4.221	4.211-4.2214	214-114C pm	4.98	5747. pm	5.10
Belgium	60.80-61.45	61.30-61.40	10c pm-per	0,98	28-18 pm	1.50
Denmark	11,121,-11.201,	11.194-11.204	21,-41, ore dis	-3.75	614-814 dis	-2.59
Ireland	1.0185-1.0255	1.0240-1.0250	0.23-0.33p dis	-3.28	0.65-0.75dis	-2.73
W. Ger-	. 3.76-3.81	3.791,-3.801,	25-15 pm	6.71	57s-57s pm	6.71
Portugel	105.60-107.00	106.65-106.95	45-95e dis	-7.86	100-200 dis	-5.62
Spain	139.60-140.80	140.70-140.80	80-130c dis	-8.95	220-320 dis	~7.67
Italy	1739-1756	1755-1756	4 lire pm-14 dis	-0.61	314:514 dis	-0 96
Norway	10.58-10.70	10.681-10.6914	34-14 ore pm	3.09	814-614 pm	2.71
France	8.812,-8.901,	8.89-8.90	13-3c pm	1.69	314-214 pm	1.45
Sweden	8.91-9.013	9.0014-9.0134	3½-1½ore pm	3.66	81,-61, pm	3.33
Japan	515-525	5214-5224	3.05-2.90y pm	5.84	10.05-9.65 pn	7.55
Austria	27.00-27.40	27.32-27.37	17-7gro pm	5.27	50-40 pm	6 58
Switz.	3.48-3.5212	3.511-3.5214	4-3c pm	11.94	10%-9% pm	11.51

Belgian rate is for convertible franca, Financial franc 62 55-62 65, Six-month forward dollar 0.87-0.82c pm 12-month 2.20-2.10c pm.

CURRENCY	RATES

				~···.		
Yov, 8			European Currency Unit	Nov. 12	Bank of England Index	Morga Guaran change
		0.614588	0.55090	Sterling	68.0	. Unavai
ing				U.S. dollar	87.7	
S		1.28879		Canadian dollar	80.2	
			1,641021	Austrian schilling.		
		16,5945		Belgian franc	115.0	
		37.3520		Danish kroner	114.8	. :
sh K		6.83896		Deutsche mark		
rk	. 6	2.30977	; 2,47904			-
ier,	.: 812	2.56698	2.75363	Swiss franc		
ch Fr				Guilder	==:::::::::::::::::::::::::::::::::::::	
				French franc		••
		309.825		Lìra		
		6 48906		Yen	115.7	

CURRENCY MOVEMENTS

OTHER MARKETS

Nov. 12	£	\$	l i	Note Rates
rgentina Peso	3228-3248	1530-1540	Austria	27.00-27 30
ustralia Dollar	i 1.9335. I.9375	0.9170-0.9175	Belgium	62.20-62.60
razii Cruzeiro	64.94-65.24	* 30.75-31.25 ·	Denmark	11.14.11.22
nland Markka	8.0425-8.0525	: 3.8185-3.8205	France	8.83-8.90
reek Drachma	78.114.79.996	87.40-37.50	Germany	3.77-5.80
ong Kong Dollar	10.57;-10.59;	5,0190-5.0210	Haly	17.45-18.00
an Rial	148.35-155.00	70.30-73.40	Japan	5.19-5.24
uwaitDinar (KD)	0.585-0.595	0.2802-0.2803	Netherlands	4.18-4.21
exambourg Frc.	61.30-61.40	29.07-29.09	Norway	10.61-10 69
		: 2.1975-2.1986	Portugal	104-110
ew Zealand Dir.	2.1850-2.1920	1.0370-1.0385	Spain	138:-147
audi Arab. Riyal.	7.04-7.14	8.3725-3.3730	Switzerland	3.49-3.52
	4.6075-4.6195	2.1895-2.1905	United States	2.09-2.10
th, African Rand	1.7440-1.7470	0.8290-0.8295	Yugoslavia	441-47

Rate given for Argentina is free rate

EXCHANGE CROSS RATES

Nov. 12	PoundSterling	U.S. Dollar	Deutschem'	k Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lire	Canada Dollar	Belgian Franc
sund Sterling S. Dollar	0.474	2.111	3.798 1.799	521.8 247.2	8.895 4,215	3.518 1.657	4.218 1.998	1756. 831.8	2.508 1.188	61.35 89.07
sutschemark	0,263	0,555	1.	137.4	2.342	0.925	1,111	462.3	0.660	16.16
panese Yen 1,000		4,045	7.278	1000.	17.05	6.742	8,083	3365	4.807	117.6
ench Franc 10	1.124	2.573	4.269	586.6	. 10.	3.954	4.741	1974.	2.820	68.97
viss Franc	0.884	0.600	1.080	148.3	2,529	1.	1.199	499.1	0.713	17.44
ntch Guilder blien Lire 1,000	0.837 0.570	0.500	2.163	1,25.7 297.2	2.109 5.067	. 0.834 2.004	1. 2,402	416.2 1000.	0.595- 1.429	14.55 34.95
tnadian Poliar	0.899	0.842	1.514	208.0	3.547	1.403	1.682	700.0	1	24.46
algian Franc 100	0.88.0	3.440	6.190	850.4	14.50	5.733	6.874	2861	4.088	

uro-currency interest rates

The following nominal rates were quoted for London dollar cartificates of deposit: one-month 14.40-14.50 per cent; three months 14.95-15.05 per cent; six onths 14.50-14.80 per cent; one year 13.65-13.75 per cent.

Nov. 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
7 days' notice.	144-144	125g-127g 127g-131g 15-1-15-1 15-1-15-1 14-1-15-1 13-4-14	11.12 12.15 135-1378 1418-1414 1378-14 1514-1369	9%-959 958-978 958-978 104-104 1014-1019 10-104	1-178 13g-11g 2 & 2 1 1 3 1 2 3 1 2 4 1 4 4 2 4 14 4 4 5	8.81 ₈ 8.81 ₉ 814.53 ₄ 87 ₈ -9 814.87 ₈ 8 ₁₆ -87 ₈	1814-1234 1214-1254 1314-1314 14-1414 14-1414 14-1414	11-13 1212-1419 15-16 1512-1612 16-17 1534-165;	15%-16 15%-15% 15%-15% 15%-15% 14%-14%	4-81 ₂ 61 ₂ -71 ₂ 73 ₄ -85 ₅ 7-3-8-7 7-3-8 7 7-15

Long-term Eurodoller two years 12's-13's per cent; three years 12's-12's per cent; four years 12's-12's per cent; live years 12.12's per cent; nominal closing rates int-term rates are cell for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss france. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Paris call at $12\frac{1}{4}\%$

European short-term interest ates showed little change yes was 9½9½ per cent compared with erday, apart from the further ise in Paris call money. The ontinued shortage of liquidity on the French money market maked day-to-day funds to 12½ per cent on friday—the highest level for five vere unchanged, with one-month to 10½-10½ per cent. Singapore banks, raised its prime to 12½12½ per cent; and three, and three, and three into 10½-10½ per cent. Singapore banks, raised its prime to 12½-12½ per cent; and three, and three into 10½-10½ per cent. Singapore banks, raised its prime to 12½-12½ per cent; and three into 10½-10½ per cent. Singapore banks, raised its prime to 12½-12½ per cent; and three into 12½ per cent. Singapore banks, raised its prime to 12½-12½ per cent; and three into 10½-10½ per cent. Singapore banks, raised its prime to 12½-12½ per cent. One-month fell to 6hish at \$393-394. Trading was fixed at Fr 54,500 per kilo (5401-92 per ounce) compared with from finish at \$393-394. Trading was fixed at Fr 54,500 per kilo (5401-92 per ounce) (5401-92 pe it 121-121 per cent; and three, rate by the per cent to 9 per cent ix and 12-month at 13-131 per Algemene Bank Nederland; Bank

The increase in call money of Chicago; and Lloyds Bank followed the rise in the yield on 12-month Treasury bills last Frilay, and the general need to per cent, while Bank of East Asia and Bank of Tokyo raised rates by the per cent, while Bank of Tokyo raised rates and Bank of Tokyo raised rates and Bank of Tokyo raised rates.

see of rising world interest by a per cent to 9a per cent. This was the seventh necesser since last June, but International Bank of Tokyo Taised Interest by a per cent to 9a per cent. Credit Suisse and United Malayan Banking Corporation increased rates by a per cent of the upward trend in interest moved up its prime rate by a test. This was the seventh necesser since last June, but International Bank of Singapore; ates remained below the record while Bank of China raised its will be per cent to 9 per cent. 1 12.40 per cent touched in June, rate by 1 per cent to 9 per cent. 1974, during the first oil crisis. HONG KONG — The money Call money reached an all-time market was easy with call money

FRANKFURT - Short-term ates were unchanged, with call unds at 7.80-8.00 per cent; one-nonth 8.30-8.45 per cent; three-nonth 9.50-9.80 per cent; six-nonth 9.30-9.50 per cent; and 12-month 8.90-9.10 per cent. BRUSSELS - Deposit rates

for the Belgian franc (commercial) were mixed, with one-month easing to 137-14 per cent from 14-141 per cent. Three-month was auoted at 14114; per cent com-pared with 1478-1474 per cent. Six-month rose to 14-141 per cent from 1315-1416 per cent, while 12-month was 13-131 per cent, compared with 13-131 per cent.

MONEY RATES

Prime-Rate	151-15°2
Fed Funds Treasury Bills (13-week) Treasury Bills (25-week)	
GERMANY Discount Rate Overnight Rate One month Three months Six months	5 7.90 8,37 ² 2 8,70
FRANCE Discount Rate Overnight Rate One month Three months Six months	13.0625
JAPAN Discount Rate Cell (Unconditional) Bills Discount (three-month)	5.25 7.5 8.125

GOLD

Firmer tendency

Algemene Dank Neuerianu, Dank	Nova	imber 12	November 8	
of America; First National Bank of Chicago; and Lloyds Bank	Go	ld Bullion (fine o	unce)	
International all increased their prime rates by 1 per cent to 91 per cent, while Bank of East Asia	Closs	(£186,1-186,6) (£186) ₂ -187\ ₂) (£186,894) (£186,950)	\$390-391 \$891-393 \$389.75 \$389.50	(£1861g-1871g) (£187-188) (£186.287) (£186.230)
and Bank of Tokyo raised rates by I per cent to 91 per cent.	• • • •	Gold Coins		
Credit Suisse and United Malayan Banking Corporation in- creased rates by 1 per cent to 82 per cent. Far Eastern Bank	Krugerrand \$40412-40512 Mapleleat \$406-410 New Soversigns. \$101-102 King Sove \$110-112 Victoria Sovs \$111-11512 Fr 20 Napoleon FFr405-415	(£191)4-195)4) (£192-196) (£47)2-48)2) (£51)2-53)2) (£52)2-54)2) (\$F(160-155)	\$405-404 \$405-410 \$10034-10134 \$109-111 \$110-112 FFr405-415	(£1921 ₂ .1931 ₂) (£193-197) (£48-49) (£52-631 ₂) (£521 ₄ -553 ₄) (\$Fr1591 ₂ -1611 ₂)
moved up its prime rate by a per cent to 9 per cent, as did International Bank of Singapore; while Bank of China raised its	50 pesos Mexico \$490.493 100 Cor. Austria: \$383.385 \$20 Eagles		\$483.485 \$378-381 \$500-503 \$257-272 \$222-242	

UK MONEY MARKET

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

nigh of 15 per cent in January, at 91 per cent and overnight at nervous trading in the London 1974.

6 per cent.

nervous trading in the London money market yesterday — in money market yesterday — in anticipation of a possible rise culation, but this was outweighed in Bank of England Minimum by a net take-up of Treasury Lending Rate — but eased towards the close. The late decline reflected the improvement in liquidity as discount bouses took the opportunity of selling bills to the authorities.

by a net take-up of Treasury bills, repayment of Friday's small lending, a small excess of revenue payments to the Exchequer over Government disbursements, and small run-down bank balances.

There was an overall shortage Bank of England gave large loans, but closing balances were assistance by buying a large found at 9-11; per cent. In the amount of Treasury bills and a interbank market overnight

The market was helped by a

Discount houses paid up to of day-to-day funds, and the 134 per cent for secured call Short-term fixed period small number of local authority loans touched 131-14 per cent, interest rates rose sharply in bills from the houses.

LONDON MONEY RATES

Nov. 12 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth- negotiable bonds	Finance House Deposits	Соптралу	Discount market deposits	Treasury Bills &	Eligible ; Bank - Bills &	Fine Trade Bills é
Overnight		6-14	: -	/	_	1334	9lg-13lg	-	- ' :	_
2 days notice.		. .	1354-1412	! — i		! -	-		. – :	-
7 days or	l – '		141 ₉₋ 145 ₄	ı '- ' i	. 154	14ኤ	 121g-131g	<u> </u>		_
7 days notice			1412-1458		1534	15%			154-15/4	. 165a
One month		1514-1578	-11-2-2-1-0	1612-1654			15-151a	143,	158g-153	16%
Two months		1519-16	144, 154	161, 153,	! - -	161g	16 15 18		153g-156g(1638
Six months		1539-1579	1444-1512	164-154	_	: -	_		144-15,6	16
Nine months	15a-15	151g 153g		1614-153	_	. ~	_	_	!	
One year		147, 154	141g-10 141g-143g	155g-151g	· - .	: =	=	=	- I	= ,
Two years						·				
local author	rity and fin	ence houses	saven day	s notice, ot	ners seven	days fixed	l. *Long-1	term local	authority	mortgage

rates nominally three years 14-14% per cent; four years 14-14% per cent; five years 14-14% per cent; of the per cent; four years 14-14% per cent; five years 14-14% per cent; four years 14-14% per cent; of the per cent; four years 14-14% per cent; four month trade in table are buying rates for prime peper. Buying rates for four-month bank bills 15%-15% per cent; four-month trade bills 16% per cent.

Approximate selling rates for one-month Treasury bills 14%-14% per cent: two-months 14%-14% per cent: three-months 14% per cent. Approximate rate for one-month bank bills 15%-15% per cent: two-months 15% per cent: three-months 14% per cent. one month trade bills 16% per cent: two-months 16% per cent and three-months 16% per cent. Thought 16% per cent and three-months 16% per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14% per cent from November 1, 1979.

Clearing Bank Deposit Rates for sums at seven days notice 11%-12 per cent. Clearing Bank Rates for lending 14 per cent.

Treasury Bills: Average lender rates of discount 14 7581 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest otherwise. In some cases market rates available rates of exchange for the pound against various currencies on foreign currencies to which they are nominal. Market rates are the average of buying and selling total except where they are shown to be constituted in the rates shown should not be taken as being applicable to any particular transaction without reference to (Ba) buying rate; (Ba) basic rate: (bg) buying rate; (cm) commercial rate; (cm) convertible rate: (ln) finance of interest constitution available; (F) free countries listed is officially controlled and the rates shown should not be rates.

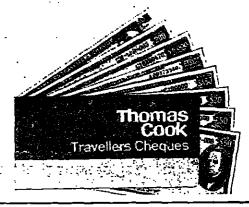
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ghanistan Afghani	93.0	Greenland	Danish Kroner	. 11.1975 5.70	Peoples D. Repub. of Yemen (8) S. Yemen Dinar	(A)0.73
pania Lek gerla Dinar	10.189 B.1011	Guadaloupe	Local Franc	8.895	l Beru Sol	exc(A)506
(Franch E		f-Guam	U.S. \$	2.1105	í Philippines Philippine Peso	15.51
dorra French Fr	eseta 140.75	Guatemala	Quetzai	2.1105	Pitcairn Islands (\$) £ Sterling New Zealand \$.!==
gola Kwanza	L 65.191 · ·	l Guinea Republic	Silv ·· ·	40.373	New Zealand \$	2,169
tigua (S) E. Carıbbea	n § 5,70	Guinea Bissau Guyana (S)		71.962 5.3818	Poland Zioty	(Cm)66.00
gentina At. Peso Fro stralia (\$) Australian f	e Rate 5.238 1.9855	Guyana is)	ORANIDSE 4-		Portugal Portugu se Escude	
stria, Schiling	27.345	Halti,	Gourd	10.663	Port.Timor Timor Escudo-	106.8
ores Portug. Esc	rdo 106.6D	- Honduras Repub	Lempira	10.500	Puerto Rico U.S. \$	2.110
	2.1705	Hong Kong (S)		10.5825 (com 77.30	Catar (St Catar Ryal	7,83
hamas (S), Ba. Dollar hrain (S) Dinar	0.795	Hungary	Forint	Titse: 44.17	Reunion lie de la French Franc	. 8,895
learic Isles Spa. Pesets	140.75 -	Iceland (5)	i Krona	950.00	Rhodesia Rhodesian \$	1.4536
ngledeshi Si Taka	34.52 (sq)	India (5)	ING. KUDEE	17.274 ₍₈₅₎	Romania Leu	. ∫ (Cm19.9
rbados (S) Babados \$1	4.231	Indonésia	Rupiah	· 1:319	RwandaRwanda Franc	(c/c)T26.
lgium B. Franc	ricmi 61.35 rifni 62.60	lran	RISI	151.47	•	
lize B 5	4.221	Iraq Irish Republic (kl		0.6180 1.0245	St. Christopher (S) E. Caribbean \$	5.70
nin : C.F.A. Franc rmuda (S Bda S		Israel	israel £	. 86.DD	St. Helena St. Helena 2 St. Lucia E. Caribbean 5	1.0 -5.70
rmuda (Si Bda S	2.1105	Italy	Lira	1755.5	St. Pierre C.F.A Franc	4443,
ivia Bolivian Pe	e 17.274 (sg)	Ivory Coast	C.F.A. Franc	4445.	r St. Vincent (Si E. Caribbean ≨	5,70
swa⊓a (Si Puja	1 7478	Jamaica (St	Jamaica Dollar	3.7641	- Salvador El Colon	. 5.260
zli Cruzeiro 😂	55.44	Japan	Yen · · · ·	521.75	Samoa American U.S. S	2,110. 1755,
L Virgin (sles(S) U.S. S	. 2.1105	Jordan (S)	Jorgan Must	' 0.629 :	San Marino Italian Lire Sao To'e & Principe Dobra	72,88
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ma Kyat	14.1975	Kenyz (\$)	Kenya Shilling	15.575	Senegal C.F.A. Franc	4443,
rundi Burundi Fra	nc 187.02	Kiribati	AUSTRAIIATI O .	1.9355 1.972 ₍₁₎	Seychelles, 5. Rupes Sierre Leone/St., Leone	; 13.33 2.223
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iada Canadian S iary Islands Spanish Per	eta 140.75	Laos		844.2	Somali Republic Somali Shilling	(A)12,7
e Verde Isle Cape V. Es	udo 77:054	Lebanon	Lebenese £	7.1092	South Africa (S) Rand	1.745
men Islands (S) Cay, Is, S	. 1.7587	Lesotho	S. African Rand	1.7455	South West African Territories (S) S. A. Rand	1.745
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moro islands C.F.A. Fran	4444	Macao	Pataca	11.21 106.80	Sudan Republic Sudan £ 4	л.а. 3.777
ngo (Braz aville: C.F.A. Frans sta Rica Colon	: 444 ³ 1 18-1503	Malagasy Republic	MG Franc	4443	Surinam S. Gullder Swaziland (S.L Lijangeni	1.745
ba Cuban Peso		Malawi (\$)		. 1.700 .	Sweden S. Krona	9.007
prus (S) Cyprus £	0.745	Malaysia (S)	Ringgit	4.6330	Switzerland Swiss Franc	3.517
	(com) 11.30	Maldive Islands (8)	Mai Rupee	8.2943	Syria Syria £	(A)8.286
choslovakia Koruna	n/c 22.48	Mali Republic Maits (S)	Maii Franc	8.895 0.7480	Taiwan New Taiwan	(P175,9
-	(T)19.25	Martin que. ,	Local Franc	8.895	Tanzania (S) Tan. Shilling	17.49
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ninica (8) E. Caribbez ninican Repub Dominican	n 8 5.70 Peso : 2,1105	Mexico	Mexican Peso	48.15 4443	Tonga Islands (\$) Pa'anga Trinidad (\$) Trinidad & Tob' \$	
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nchC'tyin Af" C.F.A. Fran	4443,	New Zealand (S)	N. Z. Dollar	2.1890	Vatican	! 1755.
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ina (St., Cedi	5.74 (sg)	Panama	. Balboa	2.1105	Yugoslavia New Y Dinar	59.76
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sece Drachma	79,055	Paraguay	Guarani	262.70	Zambia Kwacha	1.55

exports 88,601. Eased on gross rates against nussian foundes. Thate is the transfer market (confiding). Thate is now based on 2 calcabos a to the double the confiding and official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF.

Worldwide

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APPOINTMENTS

J. Maltby to be director-oil at Burmah

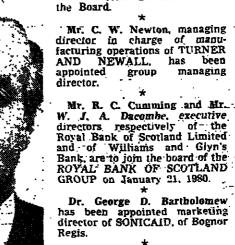
ing the Burmah Group in January 1980, He will take over as director—oil on the Board of the parent concern, BURMAH OIL COMPANY, when Mr. M. J. Roberts retires in June of that year. Mr. Maltby went to Shell in 1951 and held a number of senior positions overseas and at its head office in London. In 1969 he left Shell to become managing director of Panocean Limited, a newly formed chemical transport company jointly owned by Ocean Transport and Trading and the Peninsular and Oriental Steam Navigation Company, Panocean later merged with Tate and Lyle shipping interests, becoming Panocean-Anco, of which Mr. Maliby has been chief executive since 1976. Mr. Michael J. Cooper will become managing director of Panocean-Anco from January 1, 1980, in place of Mr. Maltby, who leaves that company at the end of this year.

Mr. Edmund Dell has become following the retirement of the company's first president.



Mr. J. N. Maltby

sole chairman and chief executive Lord Rissin as joint chairman of GUINNESS PEAT GROUP Lord Rissin has been appointed



Mr. R. A. Griffin, managing director, kitchen furniture divi-sion; Mr. D. A. Honeyben, manag-

Mr. G. Metcalf has retired from ments follow the recent announcement of the new chair-Mr. C. W. Newton, managing complete the re-organisation of the company.

> Sir John Cuckney is to become group managing vice-chairman of BROOKE BOND LIEBIG from January 1. Mr. M. S. K. Maunsell retires as vice-chairman at the end of next month.

> > Mr. Neville J. Moore has been appointed a director and senior non-marine underwriter, and Mr. Christopher Ballard, non-marine treaty underwriter, of PRESCOT UNDERWRITING & MANAGE-MENT SERVICES, a subsidiary

of Minet Holdings. Mr. P. Geoffrey Barnard has been appointed director of underwriting of BELLEFONTE INSURANCE COMPANY UK

ing director, appliance division:
and Mr. C. Holt. managing
director, industrial division: have
been appointed to the board of FREDERICK SNOW AND PARTBURCO DEAN. These appoint- NERS (NORTH WEST).

EUROPEAN OPTIONS EXCHANGE

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TOTAL 1	OLUME I	N CON	TRACTS			28	09	
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		J-54						

BASE LENDING RATES 14 % #Hil) Samuel

A.S.N. Bank 12 70	Little Ogminel
Allied Irish Bank 14 %	C. Hoare & Co
Allied Irish Bank 14 % Amro Bank 14 %	Julian S. Hodge 15 9
American Express Bk. 14 %	-Mongkong & Shanghai 14 "
- A. P. Bank, Eto 14 - Tr	-Industrial Bk. of Scot. 1419
Henry Ansbauher 14 %	Keyser Ullmann 14. 9
Associates Cap Corp., 14 %	Knowsley & Co. Ltd. 1519
Banco de Bilbao 14 % -	Lleyds Bank 14 9
- Bank of Credit & Conce. 14 %	London Mercantile 14 9
Bank of Cyprus 14 %	Edward Manson & Co. 15 9
Bank of N.S.W 14 %	Midland Bank 14 9
Banque Belge Ltd 14 %	Samuel Montagu 14 🤊
	Morgan Grenfell 14 9
la Tamise S.A 141%	National Westminster 14
Barclays Bank 14 %	Norwich General Trust 14 9
Bremar Holdings Ltd. 15 %	Notwich General Hust 17 7
Brit, Bank of Mid. East 14 %	P. S. Reison & Co 14 9
Brown Shipley15:9	Rossminster
Canada Perm't Trust . 15 %	Ryl. Bk. Canada (Ldn.) -14 9
-Carzer-Lid 14 %	Schlesinger Limited 14 9
Cedar Holdings 14 %	E. S. Schwab ' 13 %
Charterhouse Japhet . 14 %	Security Trust Co. Ltd. 15 9
- Charternouse Japper . 17 70	Shenley Trust 16 9
Choulartous	Standard Chartered 14 4
C. E. Coates 14 %	Trade Dev. Bank 14 9
Consolidated Credits . 14 %	Trustee Savings Bank 14 %
Co-operative Bank "14 %	Twentieth Century Bk. 15 %
Corinthian Secs 14 %	United Bank of Kuwait 14 9
The Cyprus Popular Bk. 14 %	Whiteaway Laidlaw 1449
Duncan Lawrie 14 %	Williams & Glyn's 14 9
.Eagil Trust 14 %	Yorkshire Bank 14 9
P. T. Truspi Limited 14 02	
First Nat Fin Corn. 151%	Members of the Accepting House
Robert Fraser 15 %	. 7-day deposits 11 ¹ 2%. 1-mont
	deposits 172%.
Greybound Guaranty . 14 %	7-day deposits on sums of £10,000 and under 11122a, up to £25,00
-Grindlays Bank 114 %	121,% and over £25.000 123.%
Changes Maken 14 C +	Call deposits over £1,000 113,14
Guinness Mahon 14 % + Hambros Bank 14 % 5	Demand dennests 115%
Trainning Daux 12 30 a	verosie : 24.

30

Companies and Markets		THE ASSESSMENT			• •			
NEW YORK	Stock 9	Nov.]	sk Nov.	Nov.	Stock	Nov. Nov.	Stock	Nov. Nov.
Stock 9 8	Columbia Gas 554 Columbia Pick 28	Zoon Gt Basin	ao. Tea 73, s Pat, 1654. lekoraa 323,	166a - MGM -		574 67 176 1779 52 6286	Schiltz Brew. Schlumberger SCM	2414 245 ₆
MF	Combustn. Eng. 4834 Combustn. Eng. 1014 Combustn. Equip 1014 Cmwith Edison 1978	4656 Gt. West	Financi' 1919.	194 Milton 186 Minne 164 Misso	Bradley sota MM uri Pac	243, 25 49 485e 485e 477e 483, 483e	Scott-Foresma Scott-Paper Soudder Duo V Sea Contra-	166g 1612 83g 86g
isA 3012 2214 ibbott Labs 7714 3654 tome Cieve 2112 2075 idobe Oil & Gas- 37 3654	Comm. Satellite. 364 Compagraphic 354	34 Gulf & We Gulf Oil	istern 14% 354	525 Model	m, Merchg.	1984 4844 14 14 ¹ 8 846 846 18 18	Seabrd Coast	261g 257g 35 351g 293g
letna Life& Cas 314 51 hmaneon (H.F.J. 231s 221s lir Prod & Chem 284s 275s	Comp. Science 151a Cone Mills 297s Congoleum 545s	1478 Halliburg 2934 Rammeri 541s Handlem	764 miliPpr 164	188 Monse	McCrmk	5858 5646 5358 3514 4519 4514	Searle (G D) Sears Roebuck Seatrain Lins	45a 46a
tibany inti	Congco	431s Harna Mi 431s Harcourt 1234 Harnisch	ning 3514 Brace 3018 Inger 1434	5016 Motor 1414 Murph	ola ngwear ıy (GC)	4758 4614 1258 1254 13 1278 76 7434	Security Pac- Sector- Shell Oil	481 ₂ 49 471 ₈ 461 ₈
dbertson's	Cons Edison 2178 Cons Foods 2414 Cons Freight 2518 Cons Nat Gas 3612	2378 Harris Co 2278 Harris Co 2278 Harsoo 3612: Hecla Mic	rp 29 2918	2854 Nabise 2918 Naico 1754 Naico	Chem.	76 7434 21 2078 2934 29 4634 4634	Sharwin-Wms SignalSignode	251; 25 883, 8218
Office Chemical: 444 45 Died Stores 2312 2218 JUS-Chalmers 344 54	ConsumerPower 194 Cond Air Lines 878 Conti Corp 354	194 Helinz (HJ 9 Heller Int 261s Hercüles	17 ¹ 8 1878	164 Nat. C	etroit	801e 20 515 ₄ 315 ₄ 845 ₈ 235 ₈	Simplicity Patt Singer	9. 8 31g 9 101g 104g
John Portd	Conti Group 28% Conti Illinois 14% Conti Telep 14% Control Data 44%		28 Kd 531 ₂ tels 281 ₂	274 Nat. 6 524 Nat. 9 284 Nat. 9	enicductri enicductri	1814 18 5076 30 1848 1818 14 1378	Smith Inti Smith Kline Sonesta Inti	5356 5234 1212 1212
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gn. Groudcastg: 38% 38% 38% 38% 36% 36% 36% 36% 36% 36% 36% 36% 36% 36	Copperweld 18 Corning Gissa 561g Corroon Black 251g Cox Broadcast'g 6114	1818 Holly Sug 6514 Homestal 2478 Honeywe 6114 Hoover	(a 347g	DD18 Naw E	ngland El. ng, Tel.	595, 584 30 1818 5138 3115 1514 1514	Sthn M. Ehg. To Sthn Pacific Sthn Railway Southland	515g 54 515g 314 524 524
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um. Petfina	Dana 284 Dart Inds 414 Data Gen 487 Dayton-Hudson 397s	285g Howard J 407s Hudson B 481s Hughes T	ay Ming 184	TBle Nth. A	m. Coal m. Philips Nat. Gas	2714 2678 2714 2678 4818 4748 2156 2156	Std Brds Paint Std Oil Californ Std Oil Indiana Std Oil Ohio	la 55 643a 773; - 761, 755a
on. Stores 263 2554 On. Tel. 2 Tel. 5514 5254 unetek 4054 4034 unfac 21 2036	Deere	35% Humana 36% Hunt (Phi 164 Husky Oil Hutton (E	Hp A) 1112	112 North	gate Exp	674 634 8514 8634 28 2718	Stanley Wice Stanffer Chem Sterling Drug Stevens (JP)	185 ₈ 183 ₄ 175 ₈ 167 ₈
MP 354 3434 unpex 164 164 unstar 18 184	Dentsply intl 171g Detroit Edison 127g Diamond Intl 26	16 ² 8 Huyck 13 IC Inds 35 ¹ 9 INA Corp	125 25 441 ₂	12 NWest 25 Nwest 4354 Nwest	indsi	253 2536 5214 5214 85, 83, 243, 25	Stokely Ven K. Storage Tech Sun Co	241g 241g 145g 1414 6134 6034
unchor Hocky 144 14 14 15 14 16 19 19 19 19 19 19 19 19 19 19 19 19 19	Diamond Shamk 24 DiGlorgio	2534 IV Inti 856 Ideal Bas 60 Ideal Toy 11 ICI ADR	io ind 2058 634	2014 Norton 612 Norton 634 Occid	n Simon ental Pet	2934 2938 1454 1444 2478 2378 3134 3119	Sundstrand	521g 521g 1101g 1077g 201g 1934
treher Daniels 261s 251s trestrong Ck 151s 151s transtrong Ck 151s 151s transtrong Ck 151s 151s	Dillon	175e imp. Cor: 358e inCO 57% ingersoli 28 infand St		181 ₈ Ogilyy 495 ₈ Ohio i Okia.	& Math dison Nat. Gas	181 ₂ 181 ₄ 147 ₈ 143 ₄ 20 195 ₈	TEWTaft	35% 35 29 26
tearco 245e 24 is shiand Oil 39 id 39 id 39 id 48 id 78 id 7	Dover Corp	28 Intel	62	.61 Omari 241 Omari 6178 Outbo	atti Marine	171 ₈ 167 ₈ 285 ₄ 285 ₄ 105 ₄ 107 ₈ 505 ₈ 287 ₈	Tandy Tektronix Teledyna	275g 261g 543g 54 1251g 1201g
ivery Inti	Dreeper 504	485 Int. Flavo	ester 3534 r 3718	1858 Owen: 3814 Owen: 365, PPG II	Coming	25 25 1849 18 2938 2878	Tenneco Tesóra Pet Texas Comm.	1518 1512
vnet 22% 21% 40% 40% 52% 40% 40% 40% 40% 40% 40% 40% 40% 21% 21% 21%	Dr. Papper 1012 Duke Power 1713 dun & Brad 3966 Db Pont 5814 EG & G 3814		7	3254 Pac. I		1178 1178 2246 224 1934 1912 1412 4414	Texas Gas 77n. Texas Instrints	58 ¹ 7 58 24 ³ 9 23 ³ 9 88 ¹ 2 87 ⁵ 9
lancal Trist	EMT 278 Eastern Airlines 64 Eastern Gas & F. 1718 Eastmen Kodak 4938	185 Jewel Co		301 ₂ Pac. T 225 ₈ Palm 1 293 ₄ Pan A	el & Tel() Beach() m Air	15 ag 15	Texas Oil & Gas Texas Utilities Texasguif Textron Thomas Betts	173 173 173 257s
3ankers Tst. NY. 583g 575g 5arry Wright 191g 185g 185g 291g	Echin Mfg 173 Eckerd Jack 27	241g Johns Ma 171g Johnson (265 Johnson (nville 22a Contr 254 k Jns 69	22 Pan H 261 ₈ Parke 68 Parke	r Drilling	514 514 354 3459 2658 2654 2038 2012	Thomas Betts. Tidewater Tiger Inti	2628 26
Saxt Trav Leb 44 4356 4356 44 4356 45 45 45 45 45 45 45	Electronic Data. 2212 Elect Memories 312 El Paso	31g Jostens 2018 Joy Mfg	273¢ 2354	1834 Penne 27 Penny 2546 Pennz	yait	2518 25 3114 311a 473a 46	Times Muror	495s 50°4
Seech Aircraft 384 3754 leker Inds 1058 10 spil & Howell 1812 18	Emery Air Fgt 181a Emhart	181 ₈ Kaiser Al 30 Kaiser In 491 ₈	umin 19 18 178	17g Pepsic Perkin	o's Gas O Elmer Stores	847 ₈ 243 ₄ 293 ₄ 29	Tonka Total Pet Transamerica	4. 1868 1868 171 ₂ 17
Seth Steel 2012 2012	Enserch	25 Kaneb Se Kaufman Kay Corp	rvices 1738 Brd. 846	171a Petrol 81a Pfizer 15 Phelpi	Dodge	2414 2314 2652 3534 23 28 28 14 1534	Trans Union Transway Trans World	5119 5059 2219 2214
Ng Three Inds 401s 59 Nack & Decker 197s 195s Nock HR 235s. 227s	Ethyl	2448 Kellogg 2448 Kennecot 2112 Kenname 3218 Kenname 5518 Kenname	t Cpr. 241s tal 441s ee 561s	2334 Philip 4234 Philip 5534 Philip	Morris s Pet	5314 5258 14 4278 1514 36	Travelers Tri Continental Triton Oil Gas	3618 3578 18 1738 1068 1058
30sing	FMC 2412 Faborge 72s Fedders 31s	24 Kimberly 778 King's De 518 Knight Br	Cik 4118 pt St 1278	411s Pitney	Bowes	501 ₉ 291 ₉ 261 ₈ 251 ₂ 213 ₄ 211 ₅ 51 ₈ 51 ₁	20th Gent. Fox Tyler UAL UMO Inds	1658 1614 2058 2018
Sprg-Warner 527g 3214 1 Syaniff Inti 73g 7 Srigge Stratn 278g 258g Sristol-Myers 321g 5214	Federal Co	16 Koppers	207g 23 447g	2012 Plesse 25 Polaro 4512 Potiate	id	221g 3234 251g 253g 32 311c 1214 207g	UNG Resources UV Jads, Unilever NV	2054 2058 2559 26 574 5759
3P	Fed. Resources 56g Fed. Dep. Stores. 261g. Fieldcrest Ml 266g.	612 Kroehler 261a Kroger 26 LTV 26 Lanier Bu	1838 718 2. Prod 3888	1878 Procto 7 Pub. 8 3854 Pub. 8	r Gamble. erv. E & G.	734 7258 194 1948, 124 224	Union Camp Union Carbide. UnionCommerc Union Oil Cal	393 ₈ 381 ₂ xe 10 104 42 141 ₂
Frown & Sharp. 2412 2416 1256 1256	1st Bank System. 374 1st Charter Fin. 1518	15 Leasona.	Trans. 2078	2056 Pulms 2056 Purex 2218 Purels	tot	1614 3558 16 16 28 271 ₂	Union Pacific Uniroyal Utd Brands Utd Energy Re	4 378 1014 1014
Srunswick	1st Chicago 1434 1st City Bank Tex 5566 1st Inti Banc 3656 1st Mississippi 2012	3536 Levi Strau 36 Levitz Fui 2034 Libby Ow	158 5878 rntr \$1 ens Fd. 2414	21 Quant	or	146 2158	US Fixer	365g 351g 115g 113g 304 304g
3urington Nthin. 51½ 51 3urndy	1st Nat. Boston 28% 1st Penn	275 Liggett G 1018 Lilly (Eli) 468 Lincoln N	at 4034	405 ₈ Raisto	n Purina	858 819 1059 1058 819 858 334 358	US Home US Inds US Shoe US Steel	9 9 184 184 183 19
### 181 Inds	Flexi-Van	1334 Lockheed 51 Loews 2458 Lone Star	57 Inds 2268	2016 Raythe 5514 Readir 2216 Redma	ng Bates	541g 54 5514 531g 684 684	US Trust US Trust Utd Technolgs	5114 5156 1834 1834 37 3634
Campbell Soup 285, 287, 287, 287, 287, 287, 287, 287, 287	Ford Motor	265 Logisiana 198 Logisiana Logisiana Lowenste	Land 464 Pac: 2039	46ès Reichi 20 Reilan 91s Reilan	oid Chem.	351g 252g 115g 115g 391g 691g 151g 447g	Utd Telecomm Upjohn VF Varian Assocs	43% 43% 17% 17% 24% 24%
Janel Randolph 161e 161e Jan. Pacific 291e 281e Jarrisle Corp. 851e 281e Jarration 287e 288e	Franklin Mint	401 ₈ Lubrizol 401 ₈ Lucky Str 263 ₄ MCA	4734	143, Repub 451 ₂ Rep of Resch	Texas	25½ 25 34½ 24 14½ 13¼	Vernitron Virginia EP Vulcan Matris	107a 1034 3414 3534
Cartor Hawley 18 1736	GATX 3512 GK.Technologiesi 1934	354 MacMillar Macy Micre Har	175g 425g nover 505g	4234 Resort	S Inti A	513 ₄ 513 ₄ 371 ₈ 251 ₂ 36 251 ₄ 117 ₈ 116 ₈	Walker (Hiram) Waltace Murray Wal-Mart Store Warnaco	919 958
Datarpillar	Gamble-Skogmo 35 Gannett	223 Mapco 46 Marathon 304 Marine M 121 ₈ Mariey	Oll 45%	45 Revior Rexno Reyno	rd. Ids (RJ), M.	155g 443 ₄ 17 16 585g 621 ₈	Warner Commu Warner Lambt Warner Swazey Washington Po	184 184 534 5315
Dentral Soya	Gen Cinema:	194 Marriott. 44 Marsh Mo 467 ₈ Marshall	Lenn 1576 - Lenn 6534 - Freid 1712 -	1578 Rich-8 653, Rite A 1714 Roady	ANY EXDS	225 ₉ 225 ₄ 216 ₈ 24 24	Waste Mangt., Wels Mkts Wells Fargo W. Point Peppl	347g 341g 253g 251g
Champ Home Bid . 11g . 114 . Champ Intl	Gen Exploration 4 Gen Foods	35g Martin Mi 323 Maryland 387g Massco 257g Massey-Fe	Cup 2034 224g eran 87a	2218 Rockw	ster Gas————————————————————————————————————	91 ₈ 87 ₈ Mag 145 ₈ 125 ₈ 421 ₄ 107 ₈ 393 ₄	Western Airline Westri. Bancor Westri. Nth. Ame	s. 85g 76g p. 28 275g in 32 303g
Charter Co	Gen Motors	544 Mass Mut 154 Mattel 74 May Dept 89 Mayer (O:	1 Corp. 14 ls 7 ls Strs 257s	718 Rolling 24 Rolling 205 Roper	Corp*	1819 2981 1446 5619 1014 10	Westinghouse. Westvaco Weyerhaeuser.	295 ₈ 2934 28 2734
Chesses System 254 258 251 258 251	Gen Signal 55% Gen Telep Elec 26% Gen Tire 20	264 Maytag 201s McCulico	255g k Oil 75g kt URI 215e	2514 Royal 75g Royal 2034 Rubbs	Crown	1276 3234 12 12 7216 7116 1714 2716	Wheelabratr F., Wheeling Pitts Whirlpool White Consoltd	1745 17. 181 ₂ 181 ₄ 223 ₄ 225 ₈
Omolonati Mil 2318 2034 Sition p	Genesoo	2516 McDonald McDonne McDonne McDonneu McGraw	1's 41. Il Doug. 2719 Inh 25	40% Russel 27% Ryan i 24% Ryder	System	1518 1514 19 19 1158 2112 12 2158	White Motor Whittaker Wickes Willams Co	15 141 ₉ 145 ₀ 143 ₀
Dities Service	Gersource	2414 McGraw-1 641e McLean 7 1972 Mead	in 25	2434 Safect 1219 Safew 2578 St. Jos	ay Stores	1338 3314 1638 3614 1778 2619	Winn-Dixle Str Winnebago Wisc Elec Powe Woolworth	293g -291g 214 - 21g 227g - 223g
Clorox	Global Marine 2614 Global Marine 2412 Goodrich (BF) 1888 Goodyear Tire 13	23 Mellon Na 1814 Melville Memorax	2859 263g 273g	28% St. Par 26% St. Res 25% Santa	if Cos 3 is Paper 2 Fe Inds 4	514 35 1768 271 ₉ 1778 47	Wrigley Wyly Xerox	761 ₈ 75 486 486 5858 5758
Joigate Palm 137g 14 Collins Alkman 77g 75g Joht 18ds 435e 425e	Gould	2514 Mercantil Merck Mercdith Merrili Ly	651g	547g Saul Ir 307g Saxon	vest	956 2858 7 7 55, 556 84, 28	Yellow Frt Sys. Zapata Zenith Radio U.S. Trs 42 1980	1914 1834 95a 912
40.00	ing garage and a						1 11 4 2 4 1 1	
NEW YORK-DOW JO	ndices	entra de la compansión de	AUSTRAL		12 9.	<u> </u>	High	Low
Nov. Nov. Nov. N	1 1 1	79 SinceComp	Metals a		3980_28 4063_9	1 4925,65 4008.4	1 4061,68 (2)11)	545,72 (2/1) 2587,34 (2/1)
a Industr'is 806.49 797.51 796.67 80	6 5 2 High		BELGIUN	ktien (2/1/82) 4 SE (61/12/68)	180,58 700,4	9 180,00 . 99,91	 -	61,55 (2/8) 88,80 (6/1)
H'me B'nds 75.55 75.44, 75.76 7	75.93 75.76 75.88 (5/10) : (15/8)	76.44 (8/11)	DENMAR Copenha	gen SE (1/1775)	98,65 90,6		1	88.62 (8(1)
R	9.49 99.78 100.54 (25/8) (25/8)	(27/2) (7/2/88) (8/2 98_24 165_82 16 (24/10) (29/4/88) (28/	AC Gen		99.62 96.6 195.08; 106.1	0 87.90 97.80 0 106.10 106.80	175.10 (5/10) 122.8 (4/10)	82,40 (16/2) 92,70 (22/2)
DOO'e1 50, 188 26, 558 50, 850 22	ind⊟ir • Professi			lY en (51/12/58) zbank(Dec, 195)	224,95, 225,3 785,90, 789,2			225 75 (7)11 704.50 (2)11)
Ind. div. yield %	ov. 2 Oct. 26 Oct.		HOLLANI ANP-CBS ANP-CBS	General (1978) Indust (1978)	85,20 84,2 63,50 67,8	0 83,50 85,46	34,20 (24/1)	83,48 (7/11) 66,90 (7/11)
STANDERD AND POORS	11 6.16 6:	it i 5.77	HONG KO	ONG ng Bank(61/7/64)	713,88 712,3	2 716,95 696,60	727.40 (5:11)	483_88 (2/1)

Early fresh Dow rally

further yesterday morning in

light holiday trading. The Dow Jones Industrial Average, after recouping about nine points last Friday, picked up 7.51 more to 813.99 at 1 p.m. yesterday. The NYSE AH Common Index recouped a further 44 cents to \$58.18, while gains led declines by a two-to-one margin. Volume, which was limited by the Veterans Day holiday closing many banks and other institutions, contracted to

15.88m shares from Friday's 1 p.m. level of 21.56m. Analysts said investors have been cheered by recent money supply figures, which indicate that the Federal Reserve's policicies are working and that credit may not have to be tightened further. They added that there is also a growing belief that short-term interest rates may

have peaked. Investors were also heartened by reports that Iran was not likely to cut off oil exports to the U.S. to secure the return of although there were no particular

Standard Oil of Ohio climbed 11 to \$78, Superior Oil 61 to \$117 and Cities Service \$1 to \$77. Most active stocks included Georgia-Pacific, up 1 at \$241 on volume of about 155,000 shares, and IBM. 1 higher at \$62. THE AMERICAN SE Market Value Index was 2.34 higher at 211.08 at 1 p.m. Volume 1.85m shares (2.40m),

Canada

A further broad advance took place in quiet early dealings yesterday. The Toronto Com-posite Index moved ahead 11.0 to 1,599.0 at noon, while the

Closing prices and market reports were not available for this edition.

THE RALLY which developed Oils and Gas index rose 35.8 to advanced 8 cents to 98 cents. at the end of last week on Wail 3,287.7, Golds 25.0 to 1,917.4 and Magellan moved ahead 25 Street was taken a good stage Metals and Minerals 4.8 to cents to A\$3.25 on a belief that the cents to A\$3.25 on a belief that 1.396.6.

Tokyo

with a higher bias after fairly action in Coal Miners, although active trading. The export Thiess retreated 16 cents to orientated sector, however, provided widespread and sometimes chances of fending-off the unsubstantial gains, reflecting a wanted A3445m take over bid sharp appreciation in the dollar from CSR, which climbed 8 cents against the yen in Tokyo.

The Nikkei-Dow Jones Average managed an improvement of 8.32 to 6,414.82, while volume on the First Market section totalled 400m shares, against Saturday's half-day session turnover of 230m and last Friday's 470m. Among export-related Light Electricals, Cameras and Vehicles, Sony advanced Y40 to Y1,760, TDK Electronics Y20 to Y1,730, Matsushita Electric Y11

to Y721, Nissan Motor Y10 to Y660, Honda Motor Y31 to Y635 and Ricoh Y15 to Y630. Chemicals and Pharmaceuticals also closed mainly higher,

the U.S. to secure the Shah to Tehran.

Selective Oil issues strengthened Active Texaco rose i to \$28. It has discovered more natural gas in the Baltimore Canyon area Alaska Interstate advanced 1 to \$321, but the company could not account for Prading Houses, which Trading Houses, which improved in the morning, also closed lower on late profit-taking.

Australia

Markets generally closed on an irregular note, but the Oils sector was broadly higher, boosted by news of an oil strike at the Thonby Creek Number One well in the Surat Basin in Oueensland.

Bridge Oil, operator of the well, rose 62 cents to A\$3.90. Among other partners in the oil Among venture, Crusader Oil fully-paid gained 50 cents to A\$1.90 and the partly-paid also 50 cents to A\$1.70, while Project Mining doubled in price from 23 cents to close at 46 cents.

its oil and gas finds in the Northern Territory will finally

get the go-shead. Oil Shale stocks were again Stock prices were mixed but firm, and there was plenty of

Market leader BHP, which has Friday. oil drilling interests, recorded an improvement of 6 cents at

A\$10.00.

Consolidated Goldfields sold is interest in Bellambi Coal to Shell Oil and a local company for A\$4.40 a share, and on thoughts that this could signal a major move by this mining Finance House, CGFA added another 10

A\$10.00.

Improved. Portfolios, Foods Electricals and Textiles were irregularly traded.

Among companies reporting higher surnover for the first nine mouths, Roussel Uclaf put on FFr 231.50, but Aviens Marcel Dassault-Bregnet cents at A\$6.40.

Transports, In Nationwide hardened 10 cents to A\$2.00 on a sharp rise in first-quarter earnings and an options issue to shareholders.

Germany

Bourse prices were easier for choice after light trading, with the market still unsettled, as was the case of last week, by uncer-tainties in Iran and high money

market rates.
After opening fairly steady, demand fall away and depressed prices. Isolated rallies took place, prices. Isolated rallies took place, however, amid selective bargain-hunting and position-squaring, stock price levels with local the Commerchank index eased speculators generally withdrawn. The Commerzbank index eased

4.2 to 705.0. Electricals were the only sector to gain widely. Brown Bovert added DM 3 and AEG hardened 70 pfennigs. ardened 70 pfemigs.

Steels and Chemicals suffered Friday following news that the

Steels and Chemicals sumered sector-wide declines. Among Steels, Thyssen shed DM 1.30 and Kloeckner-Werke DM 1.20. Chemicals had Ruetgerswerke off substitution of the latter bidding for the minority shares in the property down DM 7 and Hoechst off substitution. However, Deutsche Bank put compared with the pre-suspenon DM1.50, as did Daimler in

Motors.

market conditions. Mark Euro bonds lost more ground.

Paris

Mixed movements occurred in thin dealings. Market observers commented that investors were nesitant over developments in Tehran, rising interest rates in France and uncertainties over the political situation in France. These dements, however, were offset to some extent by the improvement observed on Walf Street last

Friday.

Oils were weak, but most Constructions and Chemicals improved. Portfolios, Foods receded FFr 15 to FFr 606.

Hong Kong

The market drifted back after firm start to finish with a mixed appearance on balance after moderate activity.

There was some disappointment at the absence of news rumoured before the weekend concerning Hong Kong Land and Cheung Kong, and some investor nervousness ahead of the Exchange Banks Association in terest rates sub-committee meet-

ing this coming weekend.

The underlying picture was of Dealers noted, however, that speculative interest shifted in a minor way to second-line stocks. Hutchison Properties, in which

sion price of HK\$17.60, and rose further to close at HK\$20.80. cents to close at 46 cents.

OAG, which has a royalty was narrowly mixed. The Bundes interest in this well as it does in most Surat Basin wells, Public Authority Bonds in open-

	for this edition.	in most Surat	Basin Wells, Public Autho	THY BOOGS BI OPEN- amount	t to HK312.30,
	CANADA	BELGIUM (continued) Petrofina	HOLLAND	AUSTRALIA	JAPAN (continued)
	Ablitib	Royale Beige 5.450170 Soc Gen Banq 2,930 Soc Gen Beige 1,610	Nov. 12 Price + or	Nov. 18 Price + or	Makita
	Algoma Steel 2812 2818	Softna	ACF Holding 82.5 -0.7	ANZ Group 8.75 -0.08	Marui 680 Matsushita 721 +1
	Asbestos	Traction Elect 2,375 30	[Anold 79.2 -0.1	Alistate Expl 0.450.02	M'ta Elec Works. 500 +1
	Bk Nova Scotia 2134 2112	1 DCR	AKZO	Ampol Pet 1.17 +0.57 Ass. Pulp Pap 2.60	M'bishi Bank
	Basic Resources. 121g 191g Bell Canada 197g 20	Union Min 692 —10 Vielle Mont 1.466 —14		Audimco 0.27	M'bish: Elec. 1757 +1
	Bow Valley 41 4212		Amro Bank 68.7 +1.2 Bredero Cert235.5 +2.0	Aust Cons Ind 2.08	MH
	Brascan A 2112	DENMARK	Boa Kalls 91.5 +0.5	Aust Nat Inds 1.91 -0.61	Mitsui Co
	Brinco 634 65g B.C. Forest 2234 225g	i !	Amro Bank 68.7 +1.2 Bredero Cert 235.5 +2.0 Bos Kalls 91.5 +0.5 Buehr-Tet 59.2 +1.0 Elsevier 243 -3 Ennia 142.2 +0.7 Euro Com Tst 71.5 -0.6	Aust Nat Inds. 1.91 -0.61 Aust Paper 1.46 -0.01 Bamboo Greek 0.17	Mitsui Co
٠,	Cadillac Fairv 1758 1712	Nov. 12 Price + or Kroner -	Ennia142.2 +0.7	Bank NSW 2.87 -0.81	NGK insulators 424 +2
.	Camflow Mines. 14 133, 1112 1134	!	Euro Com Tst 71,5 -0.6 Gist-Broc	Bond Hidgs	Nippon Denso1,190 —1 Nippon Gakki720 — Nippon Meat450
1	Can NW Lands 1434 1412	Andelsbanken 137 Baltica.St. 356 Burm & Waln 96.5 D Sukkerfab. 204 Danske Bank 118.25	Heineken 78.3 +2.1	Boret 2.75 B'ville Copper 2.25 -0.07 Brambies inds 2.98 -0.87	Nippon Meat 450
	Can Perm Mtg 17% 16%	Burm & Wain 96.5	Hunter Doug 90 2	Brambles Inds 2.98 -0.87	Nippon Shinpan. 570 ∤ 1
	Can Trusteo 214 214	Danske Bank 118.25		BHP10.00 +0.06	Nippon Steel 1052* Nippon Suisan 202 +1
			Int-Mueller 28.1 +0.5 KLM 76.8 +1.5	CSR	NTV
	Can imp Bank(2534 2334		Naarden	Cockburn Cent. 1.35	Nistan
	Cdn Inds 231 ₂ 241 ₈ Cdn Pacific 351 ₈ 335 ₈	Forende Brygg. 272 Forende Dampsk 178,5 +0.5	Nat Ned Cert 115.4 +8.1 Ned Cred Bank 58 +0.3	Coles (G.J.)	Nisshin Flour 355 :7
	Con Pacific lay 326a 311a	GNT Hidg 207: +2 Handelsbank 119	Ned Mid Bk 238 +5	Cons Gold 6.40 +0.10	Nisshin Flour 353 -7
	Can Super Oil 175 176 Cdn Tire 2418 2418	Nord Kabel 156	Nediloyd 75 +1.5 Oce Grinten 136.2 +2.1	Containers	NYK
	Cherokee Res 1054 11	Novo Ind	OGEM 18.10.1	Costain	NYK 362 -9 Olympus 710 +9 Orient 1,000 Pioneer 1,930 +2 Renown 641 Ricoh 630 +1
1	Chieftain	Privatbanken 126.5 Provinsbanken 131.25	Pakhoed 48.5 (+1.5	Elder Smith GM. 2.38 -0.10	Pioneer1,950 7-2
	Cons Bathst A 131g 15		Philips	! Endeavour Res(0.34	Ricoh
	Consumers' Gas. 2534 2558 Coseka Res 1012 1038	S Berendsen 349 —1		Gen Prop Trust 1.57 +0.03	DELITO EIGO
	Coseka Res 101g 103g Costain 734 -734 Daon Devel 123g 12	Superfos 127	Rodamco 106.8 0.2	Hamersley 3.38 -0.02 Hooker 0.86 -0.02	Sekisui Prefab 743
	l Danison Mines 30% 50%		Rorento	ICI Aust 2.34 +0.02	Sharp
	Dome Mines 4854 4414 Dome Petroleum 4414 43	FRANCE	Slavenburg's 124.8 +0.8	Jennings	Shiseido 1,150 Sony 1,760. ±4 Stanley 410
1	Dom Bridge 35 35	Nov. 12 Price + or	Tokyo Pac Hg 115.3 +1.0 Unilever 66.4 +0.9	Jones (D) 1 1 55 0 87	Stanley 410 272 273
.	Dom Foundries A 31 31 Dom Stores	Nov. 12 Price + or Frs	Viking Rec 41	Lennard Oit 0.28 +0.02 MiM	Taihei Dengyo 775 +3
_	Dom Stores 1858 1858 Domtar 2338 2334	Emprunt 44% 1978 1,865 +16	VMF-Stork	Melramar Min 0.18 -0.01	Talsel Corp 205 Talsho Pharm 521 +5
	·	Emperet 79, 1973 5.575 465	West Utr Bk340.8 +1,0	Myer Emp	Takeda 486 -+1
ŀ	Falcon Nickel A., 5434 , 6834	CNE 5% 4.632 +18 Afrique Occ 501.5 +0.5 Air Liquide 459 +14 Aquitaine 1,132 -83	,	News 4.00	TOK
	Genstar	Air Liquide 459 +14	ITALY	North Bkn Hill 2.85 +0.05	Telkoku Oli
	Genstar	Aquitaine 1,132 —23	119421	Oakbridge 2.90 - 40 09	TBS 580 J.
٠	IMawk Sid."Can 15 154	BIC 564 —5 Bouygues — 515 —4	Nov. 12 Price + or	Otter Expl 0.60 -0.82 Pancon 14.20 +0.20	TBS 580 524 +5 Tokyo Elact.Pwr. 820
١	Hollinger A 43 45 Home Oil A 9228 93 Hudson Bay Mag. 2114 2178	88N Gervals 838 +2	Lire -	Prohest Conc. 1.90 -0.05	
٠,	Hudson Bay Mng. 2112 2178 Hudson's Bay 2314 2534	Glub Mediter 366	ANIC	Reckitt & Coin 2.55 -0.02 Sleigh (H.C.) 1.14	Tokyo Sanyo 656 742
1	do, Oll & Gas 841a 873	GGE	ANIC	Southland Ming. 0.26 -0.81	Tokyu Corp 228 +2
١	Husky Oil	CSF (Thomson) 413 +2.5 Cie Bancaire 358 +3.5	Banca Com'le 10,310 -140	Sleigh (H.C.) 1.14	Tokyo Sanyo 656 +2 Toshiba 159 -3 Tokyo Corp 2828 +2 TOTO 458 Toyo Seikan 426 +1
1	IAC	Cie Gen Eaux 482 +1	Fiat.,	Tooth 1 20	10YOGL #807007 838 +3
1	INCO 2178 2168		Finsider	Utah Mining	Victor
- [Indal	Creus-Loire 64	Maisider,	Waltons 0.70 +0.02	Yamaba Motor 1,170 -7 Yamazaki 625 +1
1	Kaiser Res 274 26	DNEL	Olivetti	Western Mining 3.35 -0.97 Woolworths 1.43 -0.91	Yasuda fite _ 284 + 1:
۱-	Mac. Bloedel 225g 224, Marks & Spencer 8 8	Creus-Loire 64 CFP 255 -2 DNEL 34.5 -0.9 Dumez 751 +1 Ferodo 322 +2	Assicur Gen	Woolworths 1.43 -0.01 Wormaid Inti 3.40	1000gawa Buge. 700 +10
1	Massey'Ferg 1039 1012	Gen Occ			1 1 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
1		Imetai		HONG KONG	SINGAPORE
: I	1101-1	L'Oreal 645 +1	NORWAY	Nov. 12 Price + or	SHOOT CALL
	Mointyre Mines 50 4712 Moore Corp5314 -5318	Legrand	1 -1 -	нк. 8 —	Nov. 12 Price + a
۱	Mountain State. 111g 103g Nat. Sea Prods A. 141g 141g	Matra	Nov. 12 Price + or Kroner -	Cheung Kong 19.00	
1	Noranda Mines 181g 18	Moet-Henn 499	 - - - - - - 	Cosmo Prop 1,94	Cold Store 2.32 -0.
1	Norcen Energy 251 ₂ 251 ₈ Nthn. Telecom 475 ₄ 467 ₈	Moutinex 80.2 +0.1	Bergens Bank 107 Sorregaard 80 -1	East Asia Nav 6,60 +0.20	Fraser Neave 5.65 +0.
ı	Numac Oil & Gas 421 415	Paribas	Creditbank, 119	Hang Seng Bank 96:00 +0.50 Hongkong Elec. 4.75 —0.07	Fraser Neave 5.65 +0. Haw Par 1.55 -0. Incheape Blid 2.02 -0.
1	Pacific Copper 2.13 2.09	Pernod Rig 247.5 +1.4	Kosmos 600	HK Kowloon Wh 48 95 10 05	motely beliefly and 1.00 (
J	Pan can Petrol 5858 5812	Perrier	Norak Hydro 510 +5 Storebrand 122.5 -1.0	HK Land	Malay Brew 5.550.
ŀ	Placer Dev 361g 351g	Poctain		HK Telephone 24.60	Pan Elect
1	Power Corp 1134 1134 Quebec Strgn 2,30 2,25	Redoute		Jardina Math . 13.90	Straits Trdg 7.05 -0.
ı	Ranger Oil, 4058 3934	Rousse-Ucief 231.5 +1.5	SWEDEN	New World Dev. 5.220.03 O'seas Trust Bk. 5.80	UOB 3.30
1	Reed Stenhs A 854 878	St-Gobain	1 '1'	SHK Props	.
1	Royal Bank 3648 3648	Suez 268	Nov. 12 Price + or Kroner -	SHK Props 17.60 —0.10 Swire Pac A. 8.70 Wheelock Mar A 5,80 +0.05	COLUMN ASSESS
ı	Royal Trustee & 131s 173s	Tel Electr			SOUTH AFRICA
1			AGA	IAPAN	

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Nas	ļ		Main	i	- 19	79	SinceCo	mplit'n
8 8	Nov.	Nov.	Nov.	NOV.	High	Low	High	Lòw.
75.44	796.67 1, 75.76 5 228.86 1 98.51	75.96	75,76 261.01	75.88 282.81	897.61 (6/10) 86.18 (15/8) -271.77 (15/8) 109.61	796,67 (7/11) 75,44 (8/11) -205,78 (27/2) 98,24	273.88 (7/2/68) 163.82	(6 <i>G</i> (62)
26,530	, 50,830	22,060	20,660 —	25,770	(25/8)	(24/10)	(29/4/89)	
9 low	799.9	11	_	 			•	: <u>-</u>
	- <u> </u>	Nov. 8	0	ct. 26	Oct.	19 Ye	ar ago (approx)
<u> </u>		6.11		6.16	63	I.	5.7	7
POO	RS ·	- :		-				.5.:
			<u> </u>					

1979 Since Coupli't'n

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	1 7 1	ь :	• †	2 :	High		High	i rom
tindust is 115.72 112.1 (Composite 101.57 108.	, ,		:	1	157101	. (27/2) 88.16	184:84 (11/1/78) (125.85 (11/1/78)	(80/6/62 4.40
612	Nov.		Oct.		Oct. 2		ar agọ ((appro
ind-city-yield % Ind. P/E Ratio	7.4	<u> </u>	7,5		5.46 • 7.46	- <u> </u> -	5.16	·
N.Y.S.E. ALL: COMMO	10.5	9 .	10,2	8-	10.30 Rises	and Fa	8.76	3
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Nov. Nov. Nov. Nov.		879 .	—		1 0 0	
9 8 7 6	High	Low	7 . · Ri	ses`		1,677 1,881 794 274
7.7457.0856.7657.48	62,88 (21/9)		B. U	retrang	342: 10d 780	629 1,267 454 840: 10 5 118 159
MONTREAL	Mana	Nov.	Nov-	Nov.	197	9
11 11 11 11 11 11	Nov.	g.	7	8	High	Low
: Industrial . Combined	284,31 279,07		277.87	287.50 281.77		219.79 (2/1) 225.88 (2/1)
TORONTO Composite	1588.0	1575.2	1678.5	T697.0	- 1804.77 (6/10)	Tā 15.8 (2/1)
JOHANNESBURG Gold Industrial	418,5 410,8	417.5 412.7	425 6 409.5	411.8 487.5	422,6 (7/11) 410.8 (9/11)	. 229,4 (17,4) 278,5 _ (2/1)

	Nov.	Nov.	Nov.	Nov.	High -	179 Low
AUSTRALIA Sydney Ali Ord. (1956/59) Metals & Minis (1956/69)	638.71 3980,29			698, 12 4008,41		545,72 (2/1) 2587,34 (2/1)
AUSTRIA Credit Aktien (2/1/82)	50.58	65.84	66.70	66,19	68.55 (6:11)	G1.53 (278)
BELGIUM Belgian SE (81/12/68)	190,58	760,49	180,00	. 99,90	109.47 (5/70)	88,80 (4/1)
DENMARK Copenhagen SE (1/1/75)	98,65	90.67	90.79	90.90	87.46 (25/7)	88.62 (8(1)
FRANCE CAC General (29/12/61) Ind de Tenence(29/12/78)			97.90 106.10			82,40 (16/2) 92,70 (22/2)
GERMANY FAZ-Aktien (51/12/58) Commerzbank(Dec. 1963			925,22 709,70			225 75 (7)11 704,50 (2)11)
HOLLAND ANP CBS General (1978) ANP-CBS Indust. (1970)	85,20 63,50	84,20 87,88		85.48 86.99	94.20 (24/1) 85.90 (24/1)	83,48 (7/11) 66,90 (7/11)
HONG KONG Hang Seng Bank(81/7/64)	713,88	712 <u>52</u>	718.95	696,66	727.40 (5:11)	483_88 (2/1)
ITALY Banca Comm. Ital (1972)	85,15	85,05	84.66	84,94	98,86 (4/10)	68.58 (2/1)
JAPAN Dow Average (16/6/49) Tokyo New SE (4/1/68)	6414.82 445,14	9403,47 444,54	6390,62 444,25	6488,11 443,80	6590.59 (23/9) 465.24 (29/9)	-5825,87 (10/4) 485,18 (18/7)
NORWAY Oslo SE (1/1/72)	. 155.04	. 152,99	. 128. 10	725.82	[35.04 (12/11)	74,48 (16/1)
SINGAPORE Straits Times (1966)	400,50	491,87	402_16	401.71	428,55 (3/10)	548,54 (23/ 2)
SOUTH AFRICA Gold (1958) Industrial (1958)	(n) -	- 418.5 - 419.8	417.5 410.1	428,60 488,90	428.68 (7/11) 410.8 (2/11)	228,48 (17/4) 270,50 (2/1)
SPAIN Madrid SE (29/12/78)	(c)	(c)	. 84.01	85,76	111.88 (8)8)	.85.45 (2 /11)
SWEDEN Jacobson & P. (1/1/58)	349,60	558.66	. KKK 91	536,07	401,34 (6/2)	551,37 (24/9)
SWITZERLAND Swies Bank Cp. (31/12/58	805.10	303.60	505,70	308,30	329.10 (2 ₁₆₎	254,00 (&/1)
Base values of all	indices	are 10	0 axce	pt NYS	SE All Common	–50; Standard

FRIDAY'S ACTIVE STOCKS OOVA 261 177, 311, 83, 491, 183, +2% +% +% +% +% +% -% 434,600 Winghouse E.
Bally MFG.
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Mobil
U.S. Stael
Sears Roebuck 389,200 321,800 272,500 261,900 248,800 242,800 Change Stocks C traded 4 525,100 515,600 Closing on orice day

East Asia Nav....
Hang Seng Bank
Hongkong Elec...
HK Kowison Wh.,
HK Cand...
HK Shanghai BK.
HK Telephone...
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Jardine Math...
New World Dev...
O'seas Trust Bk.
SHK Props...
Swire Pac 'A...
Wheelock Mar A -4. -1.0 +1.4 -7.5 -3 -2.6 -2.5 -1.4 +1.6 +1.6 +40 277,5 257 224 310 424 139 231,5 128,6 1,235 268 710 202 SWEDEN Price + or Kroner -140 121 66 70 131 117 204 112 141 +1 +1 APAN Alfa-Laval . ASEA Atlas Copco., -1 +3 +5 N ov. 18 Price Yen GERMANY Price | Dm. | lectrolux. 536 556 566 591 365 988 350 555 259 290 350 970 359 570 36.5 457.5 135.7 125.2 231 273 183 158.5 283 163.5 47.8 243 243 243 237 236.5 +0,7 +0,5 -0,8 AEG-Telef.... 102 53,5 +6 Milanz Vers +0.5 92 68.5 218 BAYER. --3 +0,5 Bayer-Hypo... Bayer-Verein BHF +4 -0.5 +3 +0.4 -1.5 +1.5 -0.5 242 120 60 183 , 58 75,5 63 69 +1.5 +1 +1 +1.5 +1.5 Brown Boveri... Commetzbank Conti Gummi.... Daimler... 837 ,790 ,700 489 616 <u>---</u>₹ 252 173 195 140 187 Deutsche Bk DU Schult.... +1.5 SWITZERLAND Dresdner Bk.
Dyck Zement
GHH.
Hapag Lloyd
Hoechst -5 Hitachi. \$49 587 635 830 695 530 1,240 402 3,490 -0.5 -1.1 -0.3 Price Frs. +or 194,4 87,7 858 121 149 251,5 Alusulase 1,210
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Ciba-Geigy 1,230
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Fisher (Geo) 745
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hoff-Roche 1/10 5,900
interfood 4,800
Jelmoli 1,425
Landis & Gyr 1,350
Nestle 3,800
Oor-Suhrie 2,000 +20 +35 +15 +20 -1 +1.5 +0.8 +10 +10 -250 -25 -50 ~2.5 +1.5 -1.2 -1.5 +1 -3 -1 -1.2 -1.2 +10.5 275 410 556 365 385 ,050 821 650 490 350 350 202.3 65 76.5 180 124.5 221 238 556 165 207.5 249.6 78.2 140.2 141.8 279 Oer-Buhrle
Pirelli
Sandoz (Br).
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Zurieh ins. 2,420/+10 258 -2 4,100 -440 526 31 325 -4 5,725 -2 5,725 -2 1,870 -2 1,870 -2 5,350 -2 5,350 -2 5 -1,5

-0.5 +0.6 -1.8 +0.2 -0.7

Price + or

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-10

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-10

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2,090 5,400 2,080 990 344 2,090 6,610

Nov. 12

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ARBEB.
Banq Ind a Lux ...
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EBES...... Electrobel.... Fabrique Nat GB-Inno...... GBL (Brux L)

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BELGIUM/LUXEMBOURG

AUSTRIA

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(Discount of 34%) Brazil & Spain Prices: Page 20

2.85 5.55

+0.5

+2 +10 +10

Whaling decision attacked

THE Government has been accused of a climb-down over the stand it took on whale products at the International Whal-

Friends of the Earth, the conservation group, claimed yester-day that according to the Government's latest statement only primary whale products were recommended to be the subject of Common Market con-

Trols.

"This means that leather materials, materials, shoes, cosmetics, lubricating oils and a variety of other consumer goods which contain whale products will still be allowed into this country," the organisation said.

Britain said during the IWC's meeting that it would start immediate talks with EEC partners on a ban on the import of sperm whale oil and other derivatives.

"In his letter of October 25 to President Jenkins of the European Commission, Michael Heseltine, Secretary for the Environment urges the EEC to introduce a ban on the import into the Community of the 'primary products of all whales'.'

the group said.
"Yet in a series of previous statements from other departments, the Government has repeatedly made a commitment to ban all imports of sperm whale products and other derivatives. This step backwards is totally unacceptable.

Friends of the Earth claim that since September 19, when all whale product imports into the UK had to be licensed, an import licence for 1,000 tonnes of sperm whale oil and other Department of the Environ-

U.S. crop forecasts up again WASHINGTON-U.S. corn pro-

luction for the 1979-80 season s forecast at a record 7.59bn sushels, 3 per cent above last nonth's forecast and 7 per cent nore than last year, the U.S. Agriculture Department said. USDA's latest crop production eport said this year's soyabean utput is also expected to set a s 1 -per cent higher than exent above last year's crop.

U.S. commodity chief criticises British 'secrecy'

BY DAYID LASCELLES IN NEW YORK

MR. JAMES STONE, chairman ing Commission's (IWC) annual of the U.S. Commodity Futures meeting in London in July. Trading Commission, has attacked Britain over its handling of commodities futures

> In an interview with the New York Times published yesterday Mr. Stone says that the British Government has refused to help the CFTC monitor orders coming into U.S. markets from London. This, he claims, has given speculators a "safe new base of operations." Mr. Stone made these remarks

surge in silver prices and the attempts by U.S. market regulators to curb trading and restore order. However, they seem to apply to commodities trading The New York Times quotes him as saying: "The commodity

in the context of the recent

many trading houses buying and position. If it is true that uch places as speculators outside the U.S. are Liechtenstein, disrupting U.S. markets, the selling from such places as Switzerland, Hong Kong and other places.

"Now, our problem is being worsened by the Thatcher Government's sudden penchant for secrecy that, by comparison, and the secrecy that by comparison, wakes regulation harder still. is putting the Swiss to shame. If we can't monitor trading from London, we are in deep trouble. Why? London has always been a major commodity trading centre, and all American futures markets execute a flood of orders from their brokers each day as a routine matter."

exchanges and regain its leading position in commodities futures trading. It can only do this, many Americans argue, by markets are international. Much guaranteeing traders a level of of the trading on our markets secrecy in their operations comes from abread. It has which is not permitted in the always been difficult to find out U.S.

The CFTC is in an awkward

Mr. Stone, 32, took over as chairman of the CFTC earlier this year with a reputation as a determined regulator, earned when he was insurance commissioner in Massachusetts. Howmarkets ever, his recent public appearances and effectiveness have been limited by illness.

Our Commodities Staff writes: As Americans see it. Britain There was no official reaction in is trying to match the U.S. London yesterday to Mr. Stone's noted that he was absent from the CFTC meeting recently that proposal that foreign traders on the U.S. futures market should be forced to supply full details of all the clients behind trading

commission and U.S. exchanges

Copper market advances strongly

BY OUR COMMODITIES STAFF

real people behind the

COPPER PRICES advanced in the market was bolstered by smaller than expected fall in strongly on the London Metal a fall in LME warehouse stocks, warehouse stocks, which were Exchange yesterday. Cash wire when a small increase had been down by only 45 tonnes reducing bars closed £25 up at £983 a forecast. The fall of 725 tonnes total holdings to 1.545 a tonne tonne, and the three months in stocks reduced total holdings. The main feature in subdued

Friday night and a further increase when New York started trading yesterday afternoon. Encouraging the upward trend was the decision by Asarco, the U.S. producer, to raise its domestic copper selling

price by 3 cents to \$1-a lb.

Warehouse stocks of lead, in fact, rose by 400 to 21,250 tonnes, but this was overshadowed by market rumours of battery manufacturers being

quotation, after gaining £24.75 to 144.925 tonnes. Lead prices trading conditions was "borto £998.5 rose further in late were also sharply higher yester-rowing" (buying cash tin and kerb trading to more than day. Cash lead jumped by selling forward simultaneously) £26.5 to £602 a tonne widening that resulted in a marginal fall Main buying pressure came its premium over the three in the three months quotation. from speculators after a rise in months quotation which gained and emphasised that a shortage the New York market on £17.75 to £588. Zinc values were firmer after

another decline in warehouse stocks—down by 1,050 to 45,125 tonnes. Aluminium stocks fell too by 1,500 to 13,400 tonnes but nickel rose by 24 to 5,802 alse its domestic copper selling short of supplies. tonnes. LME silver holdings rice by 3 cents to \$1 a lb. Cash tin closed £50 up at dropped by 480,000 to 10,830,000 In Lordon the firmer trend £7.590 a tonne, in spite of a ounces.

Warning of 'massive' food shortage

World faces the prospect of in Rome yesterday. increasing shortages of food ecor dat 2.24bn bushels. This that could spell "economic dis- Organisation report says an countries have grown rapidly in s 1 per cent higher than ex- sater," hunger and malnutri- exploding birth rate and rising the past four years from 51m ected last month and 20 per tion on a massive scale by the costs of imports caused by the turn of the century, according increasing price of energy

The Food and Agriculture

Grain imports of developing this year.

Sugar price upsurge continues

WORLD SUGAR prices continued their recent upsurge yesterday with the March position on the London raw sugar futures market gaining another £3.575 to £187,225 a tonne—the highest level for three years. In the morning the London daily raw sugar price was fixed at £163 a tome, up £3.

Dealers said there were no new developments to explain the rise, which they saw as a continued reaction to last week's " bullish " news. They said forecasts of world pro-duction deficit in the coming season and a threat by President Marcos of the Philippines to hold sugar off the world market were still encouraging speculative buy-

ing. The dealers also noted that demand for sugar remained strong as instanced by the good price received for 20,000 tonnes of Dominican Republic raws sold at a tender on Friday

A new contract began trading on the London futures market yesterday offering a much wider selection of raw sugar supplying countries and an effective "free-on-board" tendering The Number 4 contract is

quoted on a cif basis but deliveries can be made at the sellers' option with an adjustment for extra freight costs. The market started quietly with only 531 lots traded compared with 7,847 on the old contract. The Number 4 contract is intended to take over eventually but initially will run in tandem with the contract. Prices quoted for No. 4 sugar yesterday were slightly below old

NZ abattoir strike ends

contract values.

WELLINGTON - New Zealand's abattoir workers have agreed to end a six-day strike and take their pay dispute to arbitration, Mr. Jim Bolger, NZ Labour Minister said.

The strike had delayed the start of the country's killing Uganda is seeking help from

New Zealand to restore the country's dairy farming industry which slumped during the rule of deposed dictator Idi Amin.

Bringing new life to

BY RICHARD COWPER

mained more or less static.

responding period last year,

from \$910m to \$1.2bn. But the

present boom has been brought about largely by increasing world commodity prices, and those output gains that have occurred, as in palm oil, are

consistent with general produc-

tion trends, over the past few years and not a dramatic result

of the devaluation package. Most

experts agree that the supply response of the major tradi-

tional export crops is bound to

be slow, if only because of the

long gestation period of many of the crops involved.

The two notable successes in

the commodity sector in recent

years have been palm oil and coffee. Palm oil production increased from 411,000 tonnes

in 1975 to 525,000 tonnes last

year, though compared to Malaysia's Indonesia's efforts

look puny. Until recently this increase in output had allowed

greater quantities to be exported but the growing coco-nut oil shortage has meant that

exports have flattened out as

palm oil was diverted into the domestic market as a substitute.

Exports declined from a peak

increase in production from around 171,000 tonnes in 1975

to 192,000 tonnes last year. Phenomenal world prices in

1977 saw it overtake rubber as

Indonesia's leading non-oil and

timber commodity export, with

overseas sales of nearly \$600m.

Though this fell back to \$500m

last year with a drop in prices,

exports for the first seven

months of this year are already

however.

the

valued at over \$400m.

Elsewhere,

400,000 tonnes last year.

406,000 tonnes in 1976 to

the Garden of Asia

FAMOUS UNDER the former economy. But in most cases the Dutch administration as the actual volume of traditional garden of Asia, Indonesia was once the world's major rubber producer, a leading centre of the lucrative and much coveted international trade in spices and second only to Cuba in the export of sugar. Only recently, however, has Indonesia managed to pull its plantation and smallholder commodity export industry back from a period of disastrous decline brought about by the disrup-tions of World War II, the expulsion of the Dutch in 1957 and the economic mismanage-

Though today Indonesia takes second place to Malaysia as the world's leading rubber exporter and finds itself in the un-enviable position of being both a net sugar and copra importer, its export of the traditional commodities of rubber, tea, tobacco, coffee and spices makes this sector the most important foreign exchange earner after the new-found wealth in oil and

ment of the late President

Sukarno.

With the lucrative addition of palm oil and palm kernels, indonesia's traditional export commodities nearly doubled in value during Repetita II, Indonesia's second five year plan, from \$0.88bn in 1974 to \$1.69bn in 1977. Last year revenue fell slightly to \$1.66bn to account for around 16 per cent of total export earnings of \$10.4bn. With the notable exception of a stagnating rubber sector this period of growing export earnings was

The most recent rise in the value of Indonesia's non-oil exports, however, has been due more to the general increase in world commodity prices than any spectacular growth in out-put. In 1977, for example, over half of the 22 per cent increase in non-oil earnings was due to unusually high coffee and tea

matched by a steady rise in

Anxious to justify last November's massive devaluation of the rupiah against the dollar by 33.6 per cent Government officials have been pointing to the present boom in non-oil export receipts as a sign of devaluation's healthy impact on the

last year as Indonesia's third largest foreign exchange earner with exports of \$698m, rubber output actually declined by an average of 4.7 per cent a year commodity exports has re-In value terms production of between 1974 and 1977. coffee tea, rubber, palm oil, tobacco and spices was up by 33 per cent in the first seven months of 1979 over the cor-

Ambitious plans to open up 625,000 hectares of new land and move some 2.5m people from over-crowded Java to the Outer Islands over the next five years should make a significant impact on output of these commodities in the long-term. But the major focus will initially be on producing a large increase in food output. This coupled with Repelita III plans for a big push in manufacturing means that Indonesia's once dominant plantation sector has largely been left to fend for itself.

While 68 per cent of Indonesia's plantations — on the basis of production — are State-owned, the Government plans to spend only \$1.5bn, or per cent of the Repelita budget, on estates and planta tions over the next five years: It sees much of the growth in this sector coming from foreign and domestic private invest-

As yet it is too early to say whether the Government's new policy of encouraging foreign investors to enter into joint ventures either with itself or domestic entrepreneurs will pay off. Until now the main complaint from foreigners has been that the 30-year lease on new land which the State offers is The coffee sector too has not sufficient to allow the shown strong gains, with an vestor a reasonable return. not sufficient to allow the in-

While the Government has apparently given potential investors reason to believe that it intends soon to change the law to give them the security they are looking for, as yet it has not done so.

Many, however, greatest potential gains Indonesia coming from smallholders Government money and efforts would be best spent, they argue, on improving and expanding the

picture is hardly exciting, with existing smallholder sector. small production increases or Whatever the arguments over stagnation being the main how best to make use of limitedfeature. The gloomiest tale resources the Government is comes from rubber, the comcommitted to increasing producmodity which arguably has the tion of traditional commodities greatest potential for expansion. at an average of 7 per cent per While it regained its position annum over the next five years.

Dec. 43.55, Feb. 44.55. Saies: 6.330. (1986)

##Maize—Dec. 266-26512 (252), March. 2829-2829. (278-), May 2931-2929. July. 2981-2984, Sept. 30212, Dec. 30514. Pork Ballice—Feb. 54.27 (52.27-54.27); March 54.65 (52.65-54.65), May 55.42,

Dec. 206,90-207.00.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply higher on the ondon Metal Exchange. After opening t 1990, reliecting the strong per-ormance on Comex late on Friday voning, forward metal attracted trade elling which pered the price to £384, lowever, fresh speculative buying here despite the firmness of starling—nd a higher than forecast opening on lomex saw the price move back brough the £1,000 level to touch £1,002 infore a close on the late kerb of a close **o**n the late kerb of Turnover: 20,850 tones.

a.m. + or p.m. + or Official -2 £ £ £ attions 957.5 +153 962.4 +25 months 972.5 +12.5 978.9 +24 ettlem't 957.5 +15.5 -15.5 Prod --- 96-97.25 ---96-97.25

Wirebars, three months £992; 93, 94, 93,5, 93. Afternoon: Wirebars, three months £999, 88,5, 98, 59, 1,000, 02, 1,000, 01, 1,000, 998, 93, 97, 96, 95, 96, 97, 98. Cathodes, three months £978. Kerb: Three months £998, 99, 1,000, 01, 02, 01, 999.

TINI—Easier for forward metal. A fall at Penang coupled with the rise in sterling saw forward material ease back from £7,400 to £7,380 in the morning. However, renewed demand for cash metal widoned the backwardation and helped forward metal rally to close the late kerb at £7,420, after £7,430. Turnover: 760 tonnes.

BY OUR COMMODITIES STAFF EVEN WITH three times today's to a report presented to a UN means that poor countries will level of food aid, the Third food conference which opened

become increasingly unable to feed themselves.

Reuter

goacwn kg (buye

Jan. Jan-Mar

PRICE CHANGES

	1979	-	190	1
				1
Metale Aluminium	£760:70	<u> </u>	£750/68	
Free Mkt (es) Copper	\$1720/1750	+20	\$1870/98	1
Cash w'bar 5 mths	£983 £888.5	+25	£951 £959.5	
Cash Cathode.		+25	£943.5	i
5 mths Gold troy oz,		+3	8400,5 8644	į
Gold troy oz, Lead cash 3 mths	£588.25	+28.5 +17.75	£624.75	Ì
Nickei Freemkt(cif (ib			£8,060.62 255/220c	i
Platin'mtr'y oz	£185.5		£181.0	
Free mkt Quioksi!'ver.,	6 6201640	+ 12.5	£242.5 \$525/840	
Silver troy oz	783.0p B03.0p	-2.5 +0.7	823p 842p	
Tin Cash	£7,590	+50	£7,670 £7,280	ł
3 mths Tungsten	142.72		27,280 \$142,36	1
Wolfrm 22.84 olf Zinc cash	167)14¥ £885	-1,6 +2,5	2527.5	3
ā months Producers	5044.0 5780		£337,25 3780	7
Oils Coconut (Phil).	1980.0r		59 25.0	•
Groundnut Linseed Orude,	2	+18	£405	
Paim Malayan,	\$6506		0.018	
Seeds Copra Philip	\$615.0 ₇		5600	1
Soyabean(U.S.) Orains	· i	i		
Barley Futures Maize			£99.75	
French NoSAM Wheat	£116.0	<u>-</u>	£114,0 _.	5
No. 1 Red Spg. No2HardWint.	£105.50		£104,5	
Eng. Millingt_			1	1
commodities	01 KEG	-1	£1,518.5	
Cocca ship,t Future Mar, CoffeeF't'rJan	£1,458	+6	£1,438.5	5
COLLEGE I LASTI-	P,000,0	700	£1 808	

Dec., March, May 210.0, 220.0, nil, nil. Salea: 21.

SYDNEY GREASY WOOL—Micron Contract: Dec. 435.0, 436.0, 437.0-433.0, 37; March 457.0, 458.0, 458.0-464.5, 82: May 456.0, 468.0, 469.0-464.5, 152; July 472.0, 473.0, 475.0-472.5, 71; Oct. 473.0, 474.0, 475.0-473.0, 58; Dec. 473.0, 474.0, 475.0-474.0, 37; March 476.0, 477.0, 476.0-476.0, 12; May 477.0, 480.0, 476.0-476.0, 1. Salea, 458.

COTTON

LIVERPOOL—Spot and shipment axiss amounted to 850 tonnes. The week started well with considerable demand Sales: 7,847 (7,401) lots of 50 tonnes.

NUMBER FOUR CONTRACT—Close
(in order buyer, astler only): May
188,50, 186,75; Aug. 185,50, 185,75;
Oct. 185,00, 185,35; Jan. 181,00, 183,00;
March 181,00, 184,00; May 181,00,
184,00. Seles: 531. from various users. Interest ranged over numerous American type variaties with pressure for supplies on forward MEAT/VEGETABLES

MILAI / VEUE I ADLES
SMITHFELD—Pence per pound. Beet:
Scottish killed sides 80.0 to 65.0; Eire
hindquarters 68.0 to 70.0, forequarters
44.0 to 45.0. Veel: Dutch hinds and
ends 102.0 to 110.0. Lamb: English
small 52.0 to 57.0, "amell 60.0, medium
50.0 to 56.0, heavy 42.0 to 50.0; Scottish medium 48.0 to 56.0, heavy 42.0
to 48.0. Imported frozah: NZ PL 51.5
to 52.0, PM 48.0 to 48.0. Pork:
English, under 100 to 48.0 to 52.0,
100-120 to 46.0 to 51.0, 120-160 to 42.0
to 50.0. "Special quotation—very
high quality produce in limited supply.

MEAT COMMISSION—Average fatstock prices at representative markets MEAT COMMISSION—Average fat-stock prices at representative markets week ending November 10. GB Cattle 74,42p per kg.iw. (+0.23). UK Sheep 130.2p per kg. est. dow. (-1.9). Brigiand and Wales: Cattle numbers up 1.3 per cent, average price 73,53p (+0.20). Sheep numbers up 9.5 per cent, average price 130.5p (-2.2). Pig numbers up 7.3 per cent, average price 74.8p (+1.0). Sectiond: Cattle num-

AMERICAN MARKETS

NEW YORK, November 12. April 40,50-40,40, June 43,85-43,75, July D silver egain responded on 44,90-44,90, Aug. 44,02, Oct. 42,95,4 production soyabeans inianed the day with an impressive rally after the market refused to break March 54.85 (52.65-54.65), May 55.42, July 56.60, Aug. 55.50. Sales: 6,794, \$50yabeans—Nov. 6647-865 (651), Jan. 5857-686 (6703), March 709-7087, May 7257-7267, July 7407-740, Aug. 745, Sept. 747, Nov. 754. ||Soyabean Meal—Dec. 180.00-189.60 (184.90), Jan. 192.50-192.20 (185.80), March 195.00-195.20, May 197.00-197.50, July 200.50-203.50, Aug. 201.50-202.00, Sept. 203.00-203.50, Oct. 204.60-205.00, Dec. 206.90-207.00. to new lows. Sugar was limit or near limit up on strong indications that next year's demand for gesohol will be a factor in the demand for sugar. Cotton sharply higher on short-following the announcement by Saudi Arabia that further oil prica increases will follow. Livestock markets were generally higher, while coffee advanced sharply on arbitrage buying. Copper was firm on trade Dec. 206.90-207.00.

Soyabean Oll — Dec. 28.65-28.55.
(26.17), Jan. 26.25-26.30 (25.87), Merch 26.05-26.80, May 26.00-28.04, July 28.10, Aug. 26.05. Sept. 26.20-28.00, Oct. 26.20-26.35, Jan. 26.25.

†Wheat—Dec. 431-431 (4224), May 451-455.
July 444-445, Sept. 455-455-2, Dec. 4659.

All cents per pound ex-werehoese unless otherwise stated. *\$ per troy.

Conses advanced sharply on arbitrage buying. Copper was firm on trade buying, both in the U.S. and abroad, Heinold reported.

Potatoes (round whites)—March 73.4 (73.0), April 89.8-90.0 (90.0), May 99.0-99.9, Nov. unquoted. Selas: 656.

-Tin—765.00 asked (unquoted).

CHICAGO, November 12.

Lerd—Chicago loose 23.00 (same).

New York prime steam 24.50 (same).

Live Cattle—Dec. 71.20-71.30 (70.70-71.25), Jan. 73.10 (72.45-73.10), Feb. 73.95-73.85, April 74.35-74.50, June 74.97-75.15, Aug. 73.70-73.50, Oct. 72.65-72.25, Dec. 73.45. Seles: 24,444.

Live Hoge—Dec. 40.50-40.60 (40.22-40.55), Feb. 42.45-42.55 (42.37-42.50).

EUROPEAN MARKETS

ROTTERDAM, November 12.
Whest—U.S. No. 2 Dark Hard Winter,
13.5 per cent, Dec. \$209, Jan. \$210,
Feb. \$212, March \$214. U.S. Hard
Winter Ordinary unquoted. U.S. No. 2
Red Winter, Jan. \$202, Feb. \$203,
March \$205. U.S. No. 2 Northern
Spring, 14 per cent, Nov. \$204, Dec.
\$208, Jan. \$216, Feb. \$220, March \$223,
Matte—U.S. No. 3 Corn Yellow effect
\$139, Nov. \$139, Dec. \$140,75, Jan.
March \$147.75, April-June \$150.50, JulySeptt. \$153, Oct.-Dec. \$155,
Barley—1/2 Canadian fead/U.S. Nov.
\$167.50, Nov.-Dec. \$167.50,
Soyabasan—U.S. Two Yellow Gulfports Nov. \$273, Dec. \$279.50, Jan.
\$284.50, Feb. \$282, March \$293.50, April
\$287, May \$298, June \$303.25, July

\$303, Aug. \$304.50, Sept. \$306, Oct.Nov. \$306.50, Dec. \$310.50, Brazil
Yellow Faq unquoted. Argentina MayJune \$292, July \$233,
Soyamean—44 per cent protein U.S.,
afloat \$244, Nov. \$244, Dec. \$245,
Nov.-March \$247, April-Sept. \$250,
Brazil Pelletz afloat \$247, Nov. \$250,
April-Sept. \$251.50.

PARIS, November 12.
Cooos (FFr per 100 kilos): Dec.
1275-1310, March 1285-1288, May 13101320, July 1310, Sept. 1345-1365, Dec.
1365-1380, Sales at call 0.
Sugar (FFr per 100 kilos)—Dec.

All cents per pound ex-warshoese unless otherwise stated. *\$ per troy ounce. \$1 Cents per troy ounce. \$1 Cents per 58-1b bushel. \$1 Cents per 80-1b bushel. \$1 S per short ton. \$5 \$ per 1,000 sq. test. \$1 Cents per-desert

1365-1380. Sales at call 0.

Sugar (FFr per 100 kilos)—Dec. 1680-1685, March 1702-1705, May 1730-1732, July 1730-1750, Aug. 1735-1765, Oct. 1755-1760, Nov. 1750-1760, Dec. 1760-1780. Sales at call 8.

INDICES FINANCIAL TIMES

Nov. 9 | Nov. 8 |Minth ago Year ago 292.98293.52 299.86 260.62 (Base: July 1, 1952-100) MOODY'S

Nov. 9 Nov. 8 M'nth ago Year ago

1144.5 1140.1 1171.1 979.6

(December 31, 1931 - 100)

Dow Nov. Nov. Month Year Jones 9 8 ago ago tur's 411.80 409.81 415.19 389.15 (Average 1924-25-26=100) REUTERS

DOW JONES

Nov. 12 Nov. 9 Minth ago Year ago 1700.3 1690.1 1661.5 1518.1

per box 0.38-0.42; Californian: Per pound 0.30. Chestruts—Italian 10 kilos 4.00-6.00; Spanish: 5 kilos 2.50-

bers down 7.1 per cent, average price 77.67p (+0.64). Sheep numbers up 18.6 per cent, average price 128.4p (+0.1). Pig numbers up 2.2 per cent, average price 68.7p (-0.3).

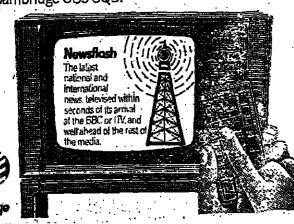
COVENT GARDEN-Prices in arching per package exce-price otherwise stated. Imported produce: Oranges-S. African: Valencias 4.05.5.30; S. African: Valencias 4.00-5.30; Brazilian: 3.30-4.80; Spania: Navelinas 4.00-5.20. Satsumas—Spanish: 115/ 189s 3.00-3.60. Clementines—Spanish: 4.00-5.20. Satsumas—Spenish: 115/
189s 3.00-3.60. Clementines—Spanish:
4.00: Moroccan: 4.00-4.60. Lemons—
Italian: 100/150s 5.20-5.50; Cyprus: 11kilos 95/120 4.00-5.00, 5 kilos 45/552.50: Spanish: 8 kilos 2.20-2.50. Grapefruit—Cyprus: 3.00-3.40; Jeffs: 3.904.40: Jamaican: 2.00. Cuban: 2.002.40. Apples—French: Gelden Daliclous, boxes 40 lb 138/175 4.00-5.80;
20 lb 1.40-2.80; jumble pack 31 lb 2.002.40; Granny Smith 20 lb 2.40-3.00; 40
lb 4.00-5.60; Hungarien: Sterking 43 lb
138s 5.40. Pears—Italian: Williams
per pound 0.17-0.19, Grapes—Italian:
Italia per pound 0.35; Spanish: Almaris
1.80-2.40, Siack 2.60-2.80. Bassanes—
Jamaican: Per 28 lb 3.90, Avocados—
Canary: 4.00; Isarell: 3.40-3.60. Melons
—Spanish: Green 2.50-4.50, Yellow
3.80-4.50, 15 kilos Green 8/15s 7.758.00. Orlons—Spanish; 4.50-4.80;
Dutch: 2.80; Polish: 3.30, Picklets 4.50.
Tomatose—Dutch: 2.60; Spanish: 2.003.50; Canary: 2.40-2.80; Romenien: 2.00.
Cucumbers—Canary: 10/12s 1.40-1.80;

3.00: French: 10 kilos 3.00.
—Grenoble: Per pound 0.38;
Per pound Dry 30mm 0.40.
Per pound 0.38-0.40. Brazilapound -0.28-0.30, Medium 0.24-0.25.
Pecan Nuta-Per pound 0.65. Almonds
-Per pound semi-soft 0.50. FigsSmyrns: Per packet 48 * 2-15 0.20.
Nuta-Mixed per pound 0.33-0.38. Pinespplas—Ivory Coast: Each 0.400.90. Lettuce—French: 12's 1.00.
English produce: Potatoes—Per bag
2.00-2.80. Lettuce—Per 12 round 1.00.
Mushrooms—Per pound 0.70-0.90.
Apples—Per pound 8 ramiley 0.08-0.09.
Moreover Paremain 0.07 Control Paremain 0.07 Per pound Demon 0.09-0.10, Cax & Urange Pippin 0.05-0.13, Russets 0.05-0.08, Derby's 0.05, Golden Delicious 0.05-0.06, Pears—Per pound Conference 0.06-0.09. Comice 0.09-0.12, Plums—Per pound Demon 0.09-0.10, Wyodales 0.08-0.10, Tomatose—Per 12 ib 1.80-0.06, Commission — Comm 2.00. Cucumbers—Trays 8/10/12 1.80-2.00. Cauliflowers—12s Lincoln 2.00, Kent 2.00-3.00, Celery—Boxes, naked 12/18/20s 1.20-1.80, cartons 18/24s 2.80. Onions—Per bag 2.40-2.80; 2.80. Onions—Per bag Picklers 55 lb 2.50-3.00, Co 2.60. ornors—rer bag 2.40-2.00, Picklers 55 ib 2.50-3.00, Cockteil 22 ib 1.50. Carrots—Per bag 0.50-0.70. Bestract—Per bag 0.80. Capacitams— Per pound 0.40. Synades—Per 25/28 ib 0.70. Sprouts—Per pound 0.05-0.07.

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91.5. Cathodes, cash £958, 57. Kerb: Standard, thremonths £7.400, 10, 20, 11, 200, 21, 20, 21,

Amalgamented Metal Trading reported hat in the morning cash wirebers raded et £976.5, three months £989, 0, 91, 90.5, 91, 92, 91, 90, 90.5, 91, 90

trede buying which lifted forward meta-from around £578 to the day's high o a.m. + or p.m. Official - Unotfic'l £ £ £ £ £ £ 589-90 +14 601-3 +29.5 583-5 +113 588-5 +173 590 +14 57-65 Morning: Cash £589, 90, three months £578, 79, 80, 82, 83, 83, 5, Kerb: Three months £583, 84, 83, 5, 84, 83, After-noon: Three months £583, 84, 83, 5, 86, 87, 89, 87,5, 89, 88, 8,5, Kerb: Three months £590, 91, 92, 91, 90, 89, 90, 91, 2INC—Marginally firmer as short covering prompted by the strong gains the strong gains than covering the strong gains the strong gains than covering the strong gains that covering the strong gains the strong gains that covering the strong gains that covering the strong gains the strong

in coppe the rise tonnes.	r and le in starlin	ad mo	re than Turnover:	offset 2.775
ZINC	a.m. Official	 or	p.m. Unoffici'	 - -
Cash 3 months 5 ment Prim w'st	335	-0.26 +8.5 -1	334-6 344-5 	+6.75
Morning Kerb: Thr Three mo	nths £345	18 E34	4. After	: הססח

selling w	VIV III Ea hich dapr late kerb	essed	forward	tr m 1,
Alumn'm	e.m. Official	+ 0	p.m. Unoffici'l	
Spot 3 months	£ 842-6 799-800	£ :+2 -2	£ 835-45 796-8	

Marning: Three months £800, 800.5, 800. Kerb: Three months £800. Afternoon: Three months £800. 799, 98, 97, 96, 97. Kerb: Three months £896. MICKEL—Lost ground following the strength of sterling against the dollar. Forward metal-opened at £2,810 and moved shead to £2,825 on the morning kerb before falling back to close the late kerb at £2,780. Turnover: 198 tonnes.

NICKEL	a.m. Official	+ or	p.m. Unoffici'l	+•
Spot 3 months	2770-90 3815-30		2750-5 2795-800	_37. _26
25, Afti Months E	emoon: (Cesh 10, Os	months E £2,760, 5. Kerb:	Time

Silver was fixed 2.5p an ounce lower strar was made 2.5p at united strain of the condon builton market yearerday at 783.0p. U.S. cent equivalents of the fixing levels were: spot 1,845.0c, up 4.5c; three-month 1,865.4c, up 7.0c; six-month 1,762.4c, up 10.7c, and 12-month 1,762.4c, up 7.7c. The metal opened at 779-784p 1,5410.4570. (1,640-1,650c) and closed at 779-784p (1,645-1,855c).

Bullion + or LM.E. + or fixing - p.m. - Unofficial LME—Turnover 102 (91) lots of 10,000 oz. Morning: Three months 799, 800, 2, 1, 2, 1.5. Kerbs: Three months 802, Artemoon: Three months 802.5,

moon: Three months 802,5, Kerbs: Untraded. COCOA

y y	1485-148 1499-150 1525-152	70 + 1.5 14 18 + 5.0 14 10 + 2.0 15 17 + 6.0 15 15 - 1.5	95-83 18-1498 30-27
ales: 3.4	61 (1,594) nal Co	lots of 10 cos Orge ound); Dai	tonnes. Injection
v. 9: 134 v. 12:	.04 (133.6 15-day	2); Indicat everage everage	131.59

1450-1451 - LO 1470-44 1457-1459 + 6.0 1468-47

COFFEE

After opening alightly higher during a steady opening cell robustes slowly gathered strength to register gelns of £16-£21 on the day. Continued commission house buying in the afternoon contributed towards jurther steadiness. contributed towards further steediness but scale-up trade selling provided good resistance to dampen any sherp advance. A lare retly during mixed dealings pushed values to the highs of the day after receiving fresh incentive from a strong "C" contract market, reported Draxel Burnhem Lambert.

COFFEE	Yesterdays Close	+ or	Business
i	E per tonne	-	Done
November January March May July Sept November	1888-89 1796-98 1767-68 1762-64	+35.0 +19.5 +14.5	1848-35 1890-57 1800-777 1775-54 1759-58

Sales: 4,534 (4,030) lots of 5 tonnes. ICS indicator prices for November 9 (cents per pound): Other Mild Arabicas 206.83 (206.33). Robustas ICA 1976: 176.25 (176.00). ICA 1968: 176.50 (176.25). Unwashed Arabicas 214.00 (213.00). Comp. deily ICA 1968: 199.89 (199.31).

GRAINS

LONDON GRAIN FUTURES-Grains LONDON GRAIN FUTURES—Grains opened 10p lower on barley to unchanged on wheat, values eased in thin volume in the morning session. Slightly more trade was seen in the afternoon but spot options came under selling pressure and closed 45p lower on wheat and 80p down on November barley with no trade. The rest of the market closed week, 46p-80p down on wheat and berley, reported Acil.

/IEA	T .	1	ł	
nth	Yesterd'y: close	+or	Yesterd; close	rs +
lar lay	98.35	-0.45	92.00 95.40 99.35 102.75 95.50	SETAL!
	ineas den Jan. 98,5			

85.15, Jan. 98.90-88.50, March 102.85-102.40, May 108.25-105.80, Sapt. no trade. Sales: 164 lors of 100 tonnes. Sarley: Nov. no trade, Jan. 95.95-95.40, March 98.85-89.35, May 103.10-102.75, Sapt. 95.60-85.50. Sales: 186 lots of 100 tonnes. IMPORTED—Wheat CWRS No. 1 13-2 per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent Nov. 108.75, Dec. 108.50 transhipment East Coast. U.S. Hard Winter 13-2 per cent Nov. 106.50 transhipment East Coast, first half Dec./first half Jan. 108.00 direct EEC unquoted, Make: U.S./French Nov. 116.00, Dec. 117.00 transhipment Feer Coast. S. Aftern White transhipment

S. African White unquoted.
S. African Yellow Dec./Jan. 79.25.
Barley: English Feed tob Nov. 95.00, Dec. 97.50, Jan./March 102.50 East:
Coast. Sorghum: U.S./Arganthe unquoted.
Oats: Scandinavian feed

The London physical market open

anien inn inner-de minadenner				L
closing on an easier note, not Peat reported a Malaysian price of 291 (286.5) cents a er. December).	Metale Aluminium Free Mkt (es)	2760/70 \$1721/1780	+20	ŀ
Yesterd ye Previous Business Close Close Done	Cash w'bar 5 mths Cash Cathode 5 mths	£998.5 £ 96 3	+25 +24,75 +25 +24	ŀ
88.89.87.20 88.00.88.50.87.00.88.50 87.50.88.50 87.00.87.50 88.55.88.55 88.08.88.10 88.15.88.90 70.25.70.30 88.88.89.90,70.75.89.89	Gold troy oz Lead cash 3 mths Nickei Freemkticif (ib	\$398.5 2602 2588.25 23,185.22	+3 +28.5 +17.75	μ
72,45-72.551 71,95-72.09/72.95-72.05 74,76-74.761 74.20-74.40/75.09-74.70 77,00-77.201 70.60-70.70/77.20 78.50-78.561 78.90-79.00/79.60 81,45-81.58 81.18-81.16 81.85-81.50	Piatin'mtr'y oz Free mkt Quiokali'ver Silver troy oz	£185.5 £245.30 £320:340		l
298 (268) at 15 tonnes, 4 (2) mes. If closing prices (buyer) were: .00p (63.00p); Dec. 67.60p	3 months 5 Tin Cash	803.0p £7.590 £7.422.5	+0,7 +50 -12,5	é
Jan, 68.25p (67.75p).	Walfrm 22.B4aifi	1137:142	1.5 i	ä

	Yest' rd'y Close	+01	Business Done
	gertonne		
ecember.,	122.68-22.1	+6.9	192.00-21.60
prii	125.78-25.8 126.48-27.8	+1.5	125-60-24.99 —
Seles: 103			

SOYABEAN MEAL

LONDON DAILY PRICE (raw sugar):
£153.00 (£150.00) a tonne cil for Nov.Dec. shipments.
price was £187.00 (£185.00).
Renewed buying interest found only scattered offerings scale-up and prices quickly gained up to £3.00 from preweskend levels. Thereafter despite some isolated bouts of profit-taking the market was very steady throughout the day. The new raws "No. 4 Contract commenced trading at parity with the existing No. 2 Contract, but later was some £1.00 below the old raws contract, reported C. Czernikow.

SUGAR

Dec. 195.49-45.75 178.90-79.29 195.75-78.50 March ... 187.29-57.25 185.39-58.70 197.75-92.76 May 187.29-57.25 185.49-55.56 187.76-92.76 Aug 185.49-95.76 192.59-12.99 197.25-92.50 Oct 188.49-96.76 192.59-02.55 198.50-92.50

184.00. Seles: 531.

Tate and Lyle e-refinery price for granulated basis white sugar was £304.95 (same) a tonne for home trade and £253.50 (£246.50) for export.

International Sugar Agreement (U.S. cants per pound fob and stowed Caribbean port). Prices for November 9: Daily price 13.47 (13.09); 15-day average 12.69 (12.64).

LONDON WHITE SUGAR—Close (in order buyer, seles). LONDORN WHITE SUGAR—Close (in order buyer, seller, business, sales). Feb. 191.00, 193.00, 192.00, 100; Apr. 193.00, 196.00, 100; Apr. 193.00, 196.00, 200.00, nil; Sept. 196.00, 203.00, nil, nil; Sept. 196.00, 203.00, nil, nil; Feb. 200.00, 210.00, nil, nil; Apr. 201.00, 213.00, nil, nil; Seles 110.

WOOL FUTURES

LONDON GREASY WOOL—Close (in order buyer, seller only): Dec. 218.0, 238.0; March, May, July, Oct., Dec., March, May 232.0, 242.0.

MEW ZEALAND CROSSBREDS—Close HGCA Location ex-ferm aport prices. Feed Barley: Eastern 92.60. E. Midlands 92.20, N. East 92.40. Scotland 90.70. Other Milling Wheat: Eastern 210.0, 220.0, 215.0, 21; May, July, Oct.,

Equities down with an uninspiring debut of BP new Gilts also lower as interest rate anxieties increase Account Dealing Dates Option Option *First Declara- Last Account Dealings tions Dealings There | Account Dealings Dates | 112 per cent 1984 was being quoted at 882, after having been reverted to unchanged at 122p, after 193p, while Whitbread 23 to 207, while losses of 10 and 9 down at 153p, while fellow reverted to unchanged at 122p, after 193p, while whitbread 23 to 207, while losses of 10 and 9 down at 153p, while fellow reverted to unchanged at 122p, after 193p, while whitbread 23 to 207, while losses of 10 and 9 down at 153p, while fellow reverted to unchanged at 122p, after 193p, while selections as low as 881. | Comparison of the content of the cont

Dealings tions Dealings Day
Oct 22 Nov. 1 Nov. 2 Nov. 12

Debt repayment hopes flared again in Chinese bonds, bring-Nov. 3 Nov. 15 Nov. 16 Nov. 26 Nov: 19 Nov. 29 Nov. 30 Dec. 10

"New time" dealings may take
stace from 9.30 am two business days

Overshadowed by the surrounding gloom, the much publicised debut of British Petroleum partly-paid shares was a nonevent as far as stock markets concerned yesterday. Having already lowered their sights about the interest likely to be aroused by the issue, mainly because of the change in market sentiment since Government's offer for sale was first announced, dealers were still extremely disappointed with the day's trade in 80m new

unusual preparations The made for the most auspicious issue for a long time proved to be unnecessary. After an initial first hour of lively trade, the tempo of business subsided to the extent that the proposed ex-tention in floor dealings from the usual 3.30 pm until 5 pm was abandoned. The opening premium on the new shares was in line with estimates at around 155p in 150p-paid form and, after extremes of 156 and 150p.

the price settled at 154p. Equity markets were fluenced by the same lack of NatWest fell away to touch 312 enthusiasm and, overshadowed before closing a net 6 lower on unable to extend Friday's technical recovery movement. quite sharply soon after the opening and before midday had surrendered all of Friday's ception of Seccombe Marshall gains. A recovery in places of a and Campion which rose 20 to penny or so was finally established, however, and the FT 30 ment. Discounts moved lower in share index, after being 8.7 symmathy with weak gilts. King down at 2 pm, closed with a and Shaxson declined 4 to 56n fall of 7.9 on balance at 413.0. in reaction to the gloomy interim Government stocks there was little relief and quotations fell for the eighth successive session. Interest rate anxieties became more pronounced following the increase in bank base-rates, and the market was very apprehensive

Minimum Lending Rate. By the early afternoon, some 1190 awaiting today's third-longer-dated stocks were show on arter figures. Sun Alliance ing falls extending to about 🗗 but following the announcement of the October retail sales and 196p. close. The falls were finally reduced quite substantially with apparent towards the close and ending 4 lower at 2060. Among the shorts faring best and in the leaders ended above the secondary issues, H. Wigfall, an after-hours' dealings Exchequer worst. Bass eased a penny to extremely thin market, reacted

EQUITY GROUPS

& SUB-SECTIONS

stocks per section

CAPITAL SOODS (173)

Boilding Materials (27)

CONSUMER GOODS

CONSUMER GOODS

Food Retailing (15) ...

Stores (41).

Tehaccos (3)

Chemicals (18)_

Shipping (10) _____ Miscellaneous (57) _

500 SHARE INDEX

Entertainment, Catering (17). Food Manufacturing (18)......

Newspapers, Publishing (12) Packaging and Pager (15)

Pharmaceutical Products (7) Office Equipment (6)

INDUSTRIAL GROUP (493)

FINANCIAL GROUP (117)

insurance (Composite) (8) . Insurance Brokers (10) Merchant Banks (14)

Discount Houses (10)_

Hire Purchase (5)....

Mining Finance (4)

5-15 year

All stocks

Over 15 years.

ALL-SHARE (NDEX(750)

'FIXED INTEREST PRICE INDICES

100.65

104.93

108,88

<u> 116.57</u>

104.38

15 | 20-yr. Red. Deb & Loans (15) | 52.27 | +14.16 |

16 Investment Trust Prefs. (15) 45.57

17 Coml and Indi Prefs, (20) 61.86

+0.01

-0.25

-0.47

-023

Insurance (Life) (10)

Engineering Contractors (12).

Mechanical Engineering (74)... Metals and Metal Forming(16)

Electricals (15) __

ahead of Thursday's decision on

Rhodesian strengthened and the 6 per cent couple of pence better at 38p. 1978-81 improved 3 points to a new peak of £144. Youngs improved slightly to 168p ahead of today's interim state-

new peak of £144. Traded options opened the ment. week in a quiet mood with only disappointing equity business in BP, the option series recorded a sector. relatively active 128 trades, while ground EMI, were also in demand with cheaper

Rosehaugh, a good market since being requoted last week, succumbed with the general trend to close 7 lower at 111p. Elsewhere among recently-issued equities. Vitatron reacted only 3 to 270p, while Link House eased 2 to 155p.

Brown Shipley's decision to precede the major clearers in announcing an increase in base ending rate—up 1½ to 15½ per cent—prompted an improvement of 4 to 286p in B.S. but also heightened speculation that similar moves by the big banks could not be far off. However, NatWest fell away to touch 312 by a continuation of the down-balance at 314p, while Barclays, slide in Gilt-edged securities, which announced further U.S. expansion moves over the weekend. closed a similar amount lower at 394p, after 392p. Lloyds closed 4 cheaper at 284p as did Midland at 324p. With the exreport, while falls of around 5 were seen in Cater Ryder, 278n. By way of contrast, Arbuthnet Latham hardened 2 to 1520 in front of today's interim results.

2900 and General Accident 4 to industrial production figures for the third quarter a rally began drifted lower following an ex-which continued after the official tremely slack day's trading. although a steadier note became

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries

and the Faculty of Actuaries

Mon., Nov. 12, 1979

Est.

Earnings Yield % (Max.)

20.85 20.42

28.56 15.45

25.39 23.27 23.06

18.95

14.90 25.36 26.89

17.85 18.51

17.72 21.43

25.92 25.68 15.02 28.12 27.17 30.62 17.68

13.39 19.44

40.39

__ 23.94

21.02

, — 4.13 16.95

16.89

-1.9 | 16.89 -0.8 | 15.82

222.16 -15 - 6.96

nd adj. 1979 10 date

832

9.35

<u>12.28</u>

13.32

29.04

Mon., Nov. 12 Friday Nov.

14.68

14.45

0.83

Index Yield No. %

Yield % (ACT at 30%

7.23 7.11 7.36 4.43 8.68 8.89 10.84

6.06 4.63 9.02 8.69

7.04 6.13 6.11 6.69 7.34 4.98 7.95

5.53 12.24

10.60 13.50

7.39 7.60 6.25 8.21 7.82 7.53

9.56 5.87

7.74 9.03 8.23

6.70 3.32 8.02

6.60 6.48 8.75

Day's Change %

-12 -0.9 -1.3 -0.9 -1.6 -1.1

-1.5 -1.4

-16 -17

--1.4 --0.8 --0.5

-0.9 -16 -0.3 -1.6 -1.7 -2.0 -1.9 -2.5 -1.5 -1.4 -2.4 -2.1

-16 -15 -21 -17 -10 -17 -0.4 -0.3 -2.9

Index No.

205.68 196.72

322.84 524.59

282.10 141.18

194.98

271.79 118.39

252.30 300.15

185.05

264.33

198.47

209.80 53.04

178.27 258.42

166.40

203.68

207.54 348.09

135.95 107.88

237.26

131.73 310.04

Est. P/E Ratio (Net)

6.10 6.32 4.34 .8.66 4.91

5.38 5.30

6.55 8.60 4.81 4.45

6:46 6.68 6.68

Pressinspired leap of 35 to 175n in Trade Indemnity. Elsewhere.

commercial Union softened 3 to

in the 44 per cent 1898 issue at to 99p. H. P. Bulmer gave up 6 £55; 5 per cent 1912 rose 4 at 166p, but isolated firm spots points to £39. Southern were provided by Geo. Sandeman, Rhodesian bonds also 3 up at 73p, and Unis Gordon, a

Norwest Holst, up 9 at 100p in 414 contracts completed com-pared with Friday's 627 and last week's average of 533. Despite a approach, provided one of the few bright spots in the Building sector. Leading issues to give ground included Blue Circle, 4 cheaper at 224p, and Taylor Woodrow, 5 lower at 338p. Costain Group, 132p, and the Deferred, 92p, reacted 4 apiece, while G. H. Downing closed a similar amount lower at 108p. Gough Cooper drifted off to end

3 lower at 72p and Brown and Jackson eased 5 to 160p. ICI touched 323p at one stage, but rallied on a little late support King and Shaxson down to close 5 lower on balance at 325p. Allied Colloids reacted afresh to 130p, down 5, while Brent Chemical, 9 cheaper at 205p, failed to acquisition news. failed to benefit from

W. H. Smith lower

Leading Stores contributed to the malaise with falls ranging to Nervous offerings ahead of today's first-half figures left W. H. Smith A that much lower at ? while Gussies A declined 6 to 3400 and Mothercare cheanened to 178p. Up 18 last week or talk that Longho may launch a full-scale bid. House of Fraser encountered profit-taking, and closed 3 off at 124p. Burton A gave up 4 to 2260 and Combined English, 37p. and UDS. 76p, relinquished 2 aviece. Elsewhere, Martin the Newsagent came on offer at 2300, down 8. while Henderson Kenton. 1060. Ernest Jones, 168p, and A. G. Stanley, 58p, all closed 4 cheaper. Cope Sportswear, on the other hand, were adjusted 4 higher to 45p and Lee Cooper regained 5 to 2220 in a thin market. A dull Shoes sector had Insurances were notable for a the highly volatile Style down 10 at 1650 and Hiltons Footwear 4

> increased bid for EMI promoted duliness in bidder's Thorn which gave up 6 to 3200, with EMI drifting 3 lower to 1370 in sympathy. Other leading Electricals were also trending easier. GEC closing above the worst but 3 cheaper at 316p and Racal

> > Thur. Nov. 8

index No.

206.30 197.58

328.75 522.10

283,93 141,21 141,05

195.31

272,03

120.36

251.75 299.04 280.37 184.97-266.13 362.82 116.51

199.79 132.68 134.03

209.39 54.04 178.73 257.46

194.09 103.20

- 179.71 189.30 182.81 187.99 200.49 7.19 134.25 134.11 133.94 134.84 102.71 7.67 332.64 330.91 332.13 334.86 309.05

- 225.47 222.79 224.40 227.89 217.26

Nov.

1217

12.46 12.74

14.16

14.03

14.79

14.29

Mon. Nov. .5

62.88 63.95

9.72 408.98 408.15 410.65 6.77 208.21 208.17 211.30

Index No.

208.12 198.59 327.06 529.38 286.77 142.81

141_97

197.98

275.69

120.33 99.39

208 12

254.44 302.09

6.68 302.09 7.36 284.27 5.79 186.70 7.93 268.52 5.33 367.46 5.02 116.90 8.74 201.84 4.50 133.88 4.16 213.84 4.18 54.38 6.92 181.01 6.04 262.12 9.06 200.01 6.42 104.86 6.72 408.98

204.41 -1.4 19.25 7.10 6.47 207.26 204.98 206.84 209.17 213.24 -1.9 16.07 6.84 6.72 717.30 702.60 707.05 713.63 512.41

FIXED INTEREST

British Govt. Av. Gross Red.

25 years

5 years.

5 years

15 years.

Tues. Nov. 6

Wed. Nov. 7

52.59 52.96 54.59 54.88

Wed., Nav. 7

index No.

200,87

523.09 287.03

142.09 141.44

197.61

276.21

126.62 98.23

207.20

302.90

284.90 185.87 266.17 364.10 117.86

208.49 53.13 161.52

261.65

198,67 103.53

247.47 | 244.25 | 246.32 | 248.99 | 237.94

227.96 193.67 360.20 532.95 361.21

177.38

161,74

198.87

245.76 169.45 117.86

203.13

223.36 274.70 253.74

200.70 220.37 369,08

130.91

173 33

91.25

245.49 125.51 400.42 206.36

188.57

138.26

Year ago (approx.)

9.64

11.59 12.25

12,72

12,74

12.74

12.82

13,32

12.16

Year ago (appr)

55.07

51.43

210.16

203.70 336.76

525.25 2%.13

143.55 144.21

201.68

281.82 125.32 99.87

209.02

304.38 284.81 188.06 270.24

371.68 116.74

204.19 135.73

210.66 55.67

197.88 105.24

235.86

151.00 156.07 128.25 135.51 140.57 128.48 108.26 109.76 138.69 239.42 248.54 314.24 88.01 89.33 76.12 306.35 331.71 245.05 111.23 112.12 104.74

Fri... Nov. 9

1212 1241 1269

14.28 14.10 13.93

14.76 14.55

14.21

46,41

12.50 | 12.49

Friday Thurs-Nov. Nov. 2 1

54.99 | 65.07 | 55.56

264.08 277.10

Press comment or last week's

Debt repayment hopes flared encountered small selling and Ferranti, 358p, Electrocomagain in Chinese bonds, bringvaux fell 3 to 125p, while ponents gave up 5 to 393p and interim profits standstill,
ing gains extending to 8 points

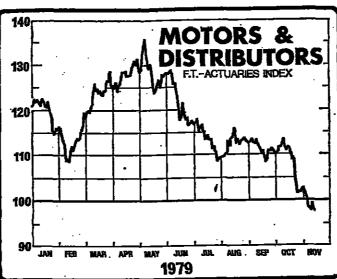
Marston Thompson declined 4 Kode 4 to 178p. Among the Kode 4 to 178p. Among the occasional bright spots, AB Electronic responded to speculative support with a rise of 7 to

152p, while favourable Press

mention lifted Pifco 6 to 118p. The engineering leaders drifted lower on scattered offerings. GKN eased 5 to 238p and Vickers 3 to 115p, while falls of 2 were marked against John Brown, 59p, and Hawker, 152p. Secondary issues encountered fresh selective selling. Further

Misc. leaders dull

Fresh concern about higher interest rates took a further hold on the miscellaneous industrial leaders which fell away on renewed selling and lack of support. Glaxo drifted down 7 to 393p, Bowater gave up 5 to 152p and Beecham relinquished 4 to 123p. Ahead of their interim Secondary issues encountered statements, due tomorrow and fresh selective selling. Further consideration of the preliminary results brought a marked turn-



round in Wolseley Hughes witch fell 18 to 244p, while revived efferings left B. Eillott 6 cheaper at 186p and ML Holdings 5 off at 173p. Bullough weakened 7 to 173p in a restricted market and Carlco fell 9 to 103p, Martonair. 160p. and Matthew Hall, 150p. reacted 4 apiece. Against the trend, Acrow "A" met fresh emand and improved 31 more

Leading Foods ended with modest falls after a subdued business. Rowntree Mackiniosh, at 160p, lost Friday's gain of 2 which stemmed from a Dutch acquisition, while Tesco shed 1 to 591p and J. Sainsbury eased 4 to 263p. In secondary issues, Bernard Matthews again lacked support and closed 11 lower at 249n, while George Bassett were also friendless, falling 6 to 84n Sidney C. Banks, 98p, and Kwik-Save, 100p lost 3 apiece, but Amos Hinton firmed 4 to 72p awaiting Thursday's mid-term

Shell Transport...

BP 'New'

ICI Burmah Oil

NatWest Bank ...

GUS A

DEALING DATES

ings ings tion ment Nov. 12 Nov. 23 Feb. 21 Mar. 3

For rate indications see end of

Share Information Service

Money was given for the call

" new,"

Last

Deal- Declara- Settle

lost 4 more to 85p on further consideration of the disappointing interim results and Chubb softened 3 to 92p ahead of tomorrow's mid-term results. Acquisition news failed to inspire Foseco Minsep which declined 5 to 144p and Sothebys, at 342p, lost 8 of last Friday's rise of 25. Marshall's Universal receded 8 to 132p and Reed Executive lost 7 to 65p, while Henry Boot, a firm market of late following favourable first-half dipped 5 to 115p. Against the duli trend, Stocklake moved up

tion of today's interim figures. Among Television, Ulster fell back 3 to 73p on further consideration of the lower preliminary profits, while LWT A eased a penny further to 129p in front of Thursday's annual results. Trident gave up 2½ to

Britannia

Town and City, Premier Oil, Paringa, Poseidon, Charterhall, Sound Diffusion, British Land, Marshall's Universal, Fitch

Lovell, Sirdar, Weeks Petroleum

done in BP "new," GEC. Cons. Gold Fields, Ultramar, ICI and Hawker Siddeley, while double

options were arranged in BP

"new," Hense of Fraser, British

288 268

Artow

BP BP BP BP BP Com. Com.

4 to 104p on Rhodesian settle

ment hopes and De La Rue were marked up 5 to 485p in anticipa-

Ladbroke turned dull, closing second leg of the Account in dull

ACTIVE STOCKS

10 9 8

£1 £1

Denomina- of Closing Change 1979

275 154 81

OPTIONS

Nov. 26 Dec. 7 Mar. 6 Mar. 17 Lovell, Sirdar, Weeks Petroleum Dec. 17 Dec. 28 Mar. 20 Mar. 31 and Land Scourities. Puts were

Bemrose.

202p giving up most of last Friday's rises. Herman Smith, on the other hand, jumped 4 to 14p on consideration of the record profits and resumed dividend Distributors retained a mixed appearance, Glanfield Lawrence, 62p, and Hanger, 55p, gaining 4 and 3 respectively, but Healys, 107p, dipping a couple of pence with Kennings, 67p. Western Motor shed 5 to 105p following: the reduced interim profits and forecasts of a second-half

Fears of higher interest rates continued to grip Properties. Renewed selling in an unwilling market resulted in fre amounting to double-figures in places. Land Securies, which announce interim results on Thursday, fell 10 to 249p, while TEPC shed 6 to 141p and British Land relinquished 4 to 54p. Stock Conversion lost 6 to 334p and Haslemere dipped 8 to 250p. Falls of between 10 and 30 were recorded in Chesterfield, 225p, Hammerson A, 730p, and Imry, 480p, while Fairriew cheapened. 5 to 188p as did United Real, to 370p. Daejan closed 4 lower at 98p and Great Portland Estates receded a like amount to 172p. Currently in receipt of a 630p per share bid from Eagle Star, Bernard Sunley moved up 5 to

Although the recent sharp setback in markets had scaled down expectations for the Government sale of 80m BP shares, yesterday's start of dealings was disappointing; from an opening of 156p, new shares eased to 150p before moving ahead to close at 154p for a premium of 4 on the issue price of 363p, 150p paid. BP old closed 6 lower at 358p. Elsewhere, Shell drifted off to 322p before settling at 324p, down 8 on balance. Late speculative demand left merger partners Oil Exploration up 20 at 618p and Lasmo 18 to the good at 336p. Tricentrol touched 228p at one stage, but recovered smartly to close only 6 down on balance at

Trusts tended easier, but losses were usually limited to a few nence or so.

Lack of support and occasional selling left its mark on the Ship-ping sector, Furness Withy easing 4 to 222p and P. & O. Deferred 2 to 102p.

Textiles declined on a general mark down under the lead of Courtaulds, 3 off at 79p. S. Lyles 58p. and Reliance Knitwear, 36p.

offer

Vol-

FINANCIAL TIMES STOCK INDICES 66.10 66.60 67.44 68.17 67.98 65.33 66.40 66.78 67.48 68.74 68.92 69.30 66.16 Fixed Interest -412.2 418.1 418.5 421.0 474.5 415.0 420.9 Industrial 218.8 210.6 212.3 219.3 210.1 200.1 158.1 Gold Mines.. 8.05 7.90 8.06 7.96 7.95 7.92 Ord. Div. Yield... 19.44 19.18 19.17 19.09 Earnings, Yld. 2 (full) 19,40 19.06 15.97 6.45 6.33 6.48 6.48 6.45 8.13 6,35 P/E Ratio (net) ("). ... 17,485 16,392 17,911 18,481 19,546 19,929 Total bargains 75,97 88.83 118.15 105.82 99.54 55.78 Equity turnover £m 12,118 12,048 13,267 15,046 16,400 13,373 Equity bargains total

0 am 417.2 11 am 412.6. Noon 412.9. 1 pm 412.3. 2 pm 412.2. 3 pm 412.4. Latest Index 01-248 8025.

*Nil=8.98.

Basis 100 Govt Secs. 15/10/26. Fixed Int. 1928. Industrial Ord.

1/7/36. Gold Mines 12/9/56. SE Activity July-Dec. 1942.

HI	GHS	AND	LOWS		S.E. AC	TIVIT	ľY
-	19	79	Since Co	mpilet'o		Nov.	Nov.
-	High	Low	High	Low			
Govt. Secs.	75,91 (4/5)	64.64	127.4	49,18 (6/1/16)	Gitt Edged ndustrials Speculative.	147.8 132.3 42.5	104.6 129.7 49.2
Fixed Int	77.76 (6/5)	68.05 (15/2)	159.4	50.53 (6/1/78)	Totals	93.8	84.3
ind. Ord	558,6 (4/5)	412.2	558,6 (4/6/79)	49.4 (26/6/48)	5-d'y A'vr'ge Gift Edged	135.1	135.5
Gold Mines	260.0 (2/10)	129,9 (17/4)	448.3 (22/6/75)	43,5 (26/10/71)	industrials Speculative. Totals	142.3 42.8 95.4	147.0 44.1 96.8

Sirder were again sold and closed a like amount weaker at 98p. Friday's support for Bats fell away and that day's gains were reversed with the Deferred losing

Golds firmer

A firmer trend in the bullion price—finally \$3 up at \$393.50 an ounce—helped South African Golds recoup some of the losses last Thursday and sustained Friday.

Johannesburg buying Golds edge higher in the morning but interest petered out later the day and prices slipped back to close only a shade better on balance. The Gold Mines index registered a gain of 2.2 at 212.8.

In the heavyweights, rarely exceeded tout medium and lower-priced issues encountered a good demand which left Southvaal 51 higher 839p, East Driefontein 15 better at 779p, Grootviei a like amount to the good at 259p and

Leslie 5 up at 86p.

Lack of interest depressed South African Financials where Gold Fields of South Africa dipped 1 to £22 and Anglo American Corporation lost 6 to 414p.

Financials London affected by the continuing weak ness of the UK equity market. Gold Fields encountered profittaking and fell 8 to 314p, while both shed 4, while Carpets Inter-national dipped 3 to 38p. John Charter Consolidated, 148p, and Beales gave up 4 to 36p in front of Thursday's half-timer, while Trust gave up 5 to 485p.

LONDON TRADED OPTIONS

offer

Vol.

15

18 25 103

offer

19 9 62

11

Vol.

2 5

120p

815p

79p 315p

126p

885p 260p

86p 828p

268p

Australians generally gave eround in line with the trend in overnight Sydney and Melbourne markets. Further consideration of CRA's withdrawal of the bid. for BH South and the accompany-ing deals with North Broken Hill and Western Mining Left CRA 8 cheaper at 184p, Western Mining a similar amount lower at 172p, BH South 7 off at 194p and North Broken Hill 5 easier

at 150p. On the other hand, the Rundle oil-shale partners oil-shale partners attracted renewed support which produced a rise of a in Central Pacific Minerals to a 1979 high of £131. and a gain of 55 in Southern Pacific Petroleum, 520p, after a high of 525p.

With the exception CRA, the Ashton joint venturers moved ahead on speculative buying.
Ashton Mining put on 4 to 83a,
after 90p, and Northern Mining
hardened a penny to 73p.
Cons. Gold Fields Australia were marked up 10 to 340p following the proposed sale of the company's holding in Bellambi to Shell.

NEW HIGHS AND LOWS FOR 1979

NEW HIGHS (9) COMMEAUTH & AFRICAN LOANS (2)
Rhod. 2490 S. Rhod, Spc 78-81 FOREIGN BONDS (1)

Weeks Petroleum LASMO
Do: Pid. Ord. MINES (2)
Central Pacific Southern Pacific

NEW LOWS (289) CORPORATION LOANS BEERS (7)
BUILDINGS (14)
CHEMICALS (6)
DRAPERY & STORES (11)
BLECIRICALS (6)
ENGINEERING (38)
FOODS (2)
HOTELS (1)
INDUSTRIALS (43)
INSURANCE (2)
LEISURE (3)
MOTORS (6)
NEWSPAIRES (2)
PAPER & PRINTING (3)
PROPERTY (8)
SHOES (5)
TEXTILES (19)
TOBACTOR (1)
RUBSTER (1)
RUBSTER (1)

WRRERS (1) TEAS (3)

RISES AND FALLS YESTERDAY

British Funds		Down 58	Sam 27
Corpns., Dom. and Foreign Bonds Industrials Financial and Prop.	7	38 527 241	21 788 219
Oils	7	19 11	14
Mines	47 48	41 48	59 55
	020		- 000

UNIT TRUST SERVICE

OFFSHORE

-104

US\$12.45 Negit Ltd. – Bank of Berns NAV Oct. 19

Providence Capital Life Ass. (C.L.)
P0 Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Boxel Fd. 48.6 49.71 — 5
Sterling Equity Fd. 101.00 — 101.01 — Guest Fitad Mingmark (Jersey) Ltd.
PO Box 194, St. Helier, Jersey.
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Ouest Ind. Secs. 50,874
Prices on Nov. 7. Next dealing Nov. 14.

Richmond Life Ass. Ltd.

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18, The Stiver Trast. 12897 2

10, Diamond 8d. 130

10, Diamond 8d. 130

10, Diamond 10, Rothschild Asset Management (C.1.)
P.O. Box 58, St. Julians Ct., Guernsey. 0401.26331
O.C. America Fd. 1951.46 1.55 113
O.C. Sommodiy 155.46 1.55 20.65
O.C. Commodiy 155.46 1.602 6.50
O.T. Dev. Control 155.46 1.602 6.50
Prices on Nov. 7. Next tealing Nov. 21.
Thirties on Nov. 7. Next tealing Nov. 21.
Rothrschild Asset Mgt. (Bermania)
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t fledemption yield. Highs and lows record base dates and values and consumday issues. A list of the constituents is available from the innon Street, London, ECAP 48Y, price 14p, by post 22p. هكنامن المتحول

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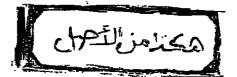
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Trafalgar House, Queen's Moat "new," Hense of Fraser, Brit Houses, Ladbroke Warrants, Land and Burton Warrants. RECENT ISSUES **EQUITIES** FIXED INTEREST STOCKS

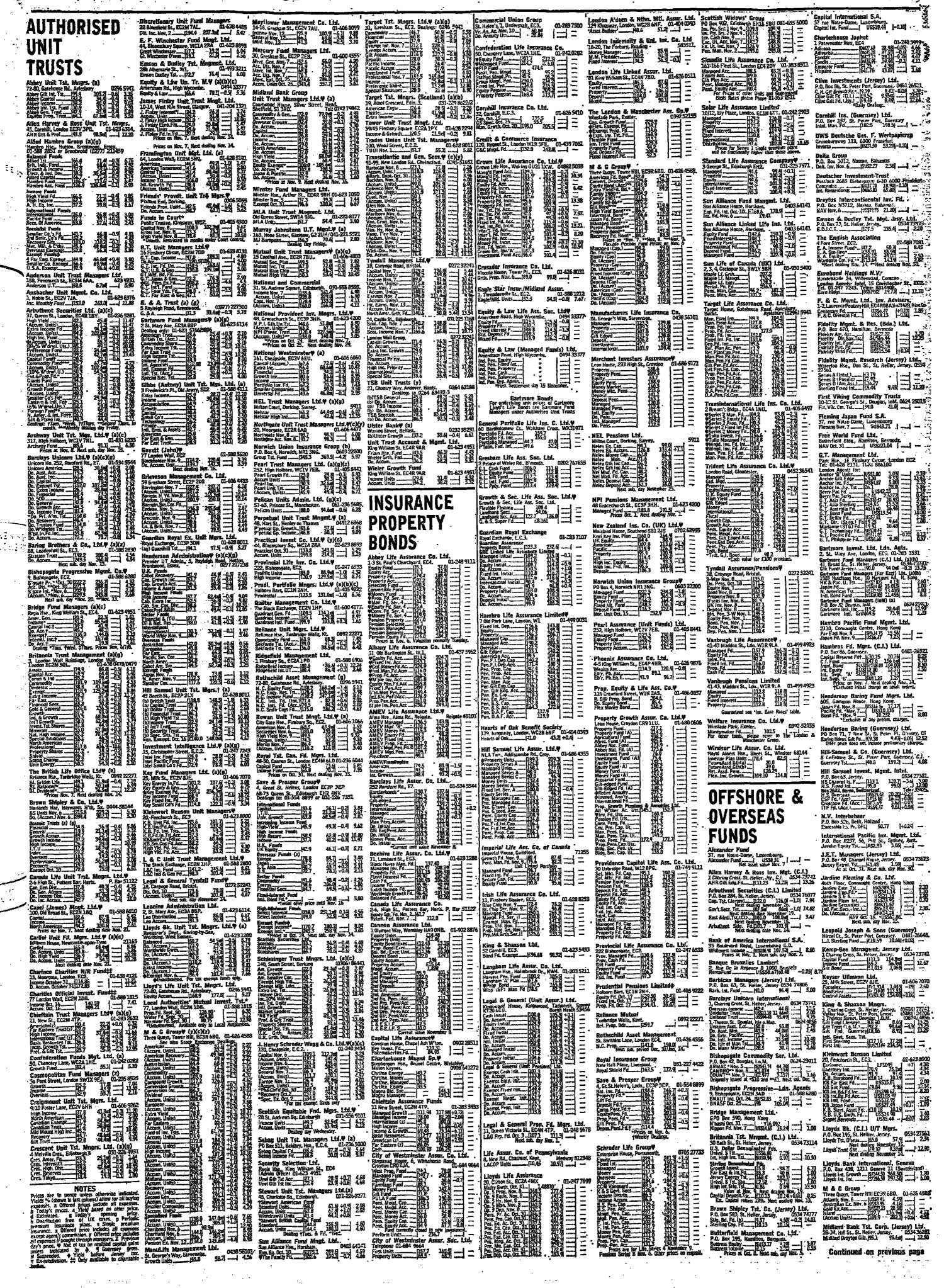
E10 9 812 Bristol Waterworks 8% Red. Pref. 1984... 812 F.P. 13/12/102 102 Cambridge Water 8% Red. Pref. 1984... 10112 F.P. 28/11/102 10012 Eastbourne Waterworks 8% Red. Pref... 10012 F.P. 28/11/105 105 105 Formineter 10% Cum. Pref... 10012 F.P. 16/11 9914 9114 London Trust 13% Deb. 8% 2000.04... 9114 Mucklow A. & J. 15% 1st Mt. Db. 2001.05 91 F.P. 9111/105 101 Startrite Eng. 11% Cum. Pref...... 998 "RIGHTS" OFFERS

Latest Renunc Date Price Price pr 1979 | 270pm | 5 | 12pm | 1 | 45 | 1 | 95 | 1g | 65 | 10pm | 1 | 12pm | 1a | 12pm | 1 | 15pm | 1 | 15pm | 2 | 15pm | 2 | 320pm 245pm BH Proprietary... | 14/11 | 7/12 | 15pm | 7pm Cope Sportswes | 7/11 | 50/11 | 8pm | 52/44 Francis Inds.... | 2/10 | 15/11 | 11114 | 92 | Hepworth Ceran | 9/11 | 5/12 | 75 | 65 | | | | | | | | | | | | A\$4.50 Nii 14,11 7,128
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Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate, g Assumed dividend and yield. u Forecast dividend: cover based on provious year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. § Cover allows for conversion of shares not now ranking for dividend or ranking any for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. It issued by tender. § Offered to holders of ordinary shares as a "rights." * Issued by way of capitalisation. §§ Reintroduced. ¶1 Issued in connection with reorganisation, pergor or takeous. ||| Introduction. || Issued to former preference holders. M Allotment letters (or fully-paid). • Provisional or partly-paid allotment letters. * With werrants. † Unitated security. † Issue as units comprising 2 income shares and 10 Capital shares at 125p per unit.



FT UNIT TRUST INFORMATION SERVICE



Over Fifteen Years Undated

BANK NTERNATIONAL 80 |-3; | 6.21 | 13,83 CORPORATION LOANS

13.59 15.33 10.82 15.50 10.29 14.23 11.72 15.04 15.29 -14.13 15.34 11.29 13.80 7.53 13.83 8.27 13.73 10.94 13.68 14.35 -9.71 15.37 13.69 15.28

COMMONWEALTH & AFRICAN LOANS
88 | 814 | Aust. 54:pc '81-82 | 33 | -14 | 6.67 | 143.7 |
751-2 | Do. 6pc 198.-83 | 763-2 | 1-290 | 13.24 |
751-2 | 614 | N.Z. 77-pc 1188-92 | 763-86 | 763-2 | 12.90 | 13.40 |
95 | 844 | 742 | Do. 71-pc '83-86 | 90.24 | 10.06 | 13.40 |
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107 | 43 | Sth. Rhod. 21-pc '65-70 | 107 | +2 | -2 |
144 | 81 | Do. 6pc '78-81 | 144 | +3 | -3 | -4 | LOANS Public Board and Ind.

SHARE INFORMATION

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Hill Samuel
Do. Warrants
Hong Shing \$2.50
Jessel Toynbee
Joseph (Leo) £1.
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AMERICANS

CANADIANS

Hire Purchase, etc. BEERS, WINES AND SPI

BUILDING INDUSTRY

CHEMICALS, PLASTICS

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Feb. Ind. 10p.
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Feb. Land & Bid.
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Glesson W. E. J.
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Hewden St. 10p.
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Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246-8026

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Day Corp.

DRAPERY AND STORES

| Second | S

HOTELS AND INDUSTRIALS (Miscel.)

88 Lordon & Midf's

183 M.L. Holdings

29 Mangan Brouze

184 Machanar 20p.

20 Medanar 20p.

21 Mesgirt 5p.

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27 Merose of Middand Inds. 5p.

62 Merose of Middand Inds. 5p.

63 More Eng'g

28 Merose (M) 20p.

113 Moiss Eng'g

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186 Presist (Asp.) Migs.

187 Norther Eng.

187 Norther Eng.

188 Prait (F)

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20 Rott-Parter

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46 Riden Minar 10p

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69 Products

180 West (Lo.

191 West Group

194 West Group

195 Wander (C.A. W.)

196 Wander (C.A. W.)

197 West Group

197 West Group

198 Wander (T.W.)

199 Wander (T.W.) FOOD, GROCERIES, ETC.

Alpine Soft D 10pl
Ass. Brit. Fds. 5p
Ass. Brit. Fds. 5p
Ass. Dairies
Ass. Fisheries
Ass. Fisheries
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Barre (A.G.)
Barrow Milling
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FINANCIALTIMES

Tuesday November 13 1979

"We ought to know more about the companies with which we do business."

Extellent ideal

Way open Saudis may raise oil for sale of Shotton and Corby

THE GOVERNMENT gave an assurance yesterday that it the sale to the private sector of British Steel Corporation's Shotten and Corby works if a worthwhile private proposal were put forward,

A tentative interest in Shotton, North Wales, was revealed yesterday by Mr. Stephen Gray, who, before nationalisation, was director of S5.50 cheaper than the John Summers and Sons, Shorton's ewner. He was sacked by Sir Monty Finniston, BSC's former managing director, in 1972, because he disagreed with the corporation's investment

Mr. Gray said he was in close touch with merchant banks who impose their own price increase before the next OPEC miniswould be willing to look at financing the replacement of Shotton's ageing open hearth terial conference in Caracas, Venezuela, beginning on December 17. Saudi Arabia may feel furneces with two electric arc units to produce three quarters | that such a move would go some of a million tonnes of steel a oil pricing structure and towards restoring the solidarity year, if the Government was prepared to divest BSC of the

Mr. Adam Butler, Industry Minister, said in the Commons yesterday that he had noted with "considerable interest" suggestions that BSC should consider disposing of Shotton and Corby.

The Government has made it absolutely clear in regard to Shotton and Corby that, if there is a worthwhile private proposal put forward which will not use public funds, we will not stand in the way."

Permission to make such a sale, however, would be dependent on BSC's agreement. In the light of the severe overcapacity in the steel market, it would seem unlikely that such permision would be given.

But BSC's severe financial problems could conceivably make an attractive offer out-

weigh other considerations. BSC said: "If iron and steelmaking facilities were sold off. then not only would their load not be placed on to larger and more economically attractive new plants, such as Redcar and but the market share of British Steel would be cut by the same volume."

Another hurdle to such a sale could be raised by the European Commission, which is committed to a reduction in steel capacity BSC said that no offers to purchase any of its iron and steel making assets had been

Mr. Gray said he was thinking of a BP-type solution. The Government would continue to hold 51 per cent of the share capital and private backers the rest. Such a scheme, however. would seem to be ruled out immediately by the Govern-ment's stipulation that no public three months to October, the money be involved.

Blast furnace workers' union leaders at the Shotton works said they fully supported British Steel's decision to end steelmaking at the plant. Some payments at Shotton are thought likely to top the

The statement is in line with the stance adopted by blastfurnacemen over other recent steel closures, when they took the offered redundancy payments first and made further

union opposition much more difficult.

The shut-down is due to begin at Christmas and to be completed by March, in order to meet the Government's demand on the Corporation to break

even financially by that date. Local officials agreed to meet again next Monday when the final decision on whether to fight on, or accept the closure and negotiate redundancy terms. will be taken.

Meanwhile, all the unions will be consulting their membership. A mass meeting of Shotton's craftsmen is due to be held on Thursday

Reduction plants may open, Page 11 Parliament, Page 12

Continued from Page 1 Output

was 9.7 per cent down on a three-month comparison, and metal manufacturing 5.4 per

INDUSTRI	AL PROD	UCTION
(1975=100,	seasonally	adjusted)

(1975=100, seasonally adjusted)							
٠	٠.	All Industries	Manufacturing				
1978	1st	106.8	102.1				
	2nd	110.6-	104.4				
!	3rd	111.3	104,7				
	4th	110.3	103.1.				
1979	ist	109.5	101.8				
•	2nd	115.8	108.0				
•	3rd	1126	102.8				
	April	114.2	106.7				
	May	115.4	107.1				
	June	117.9	110.3				
	jųly	116.4	107.9				
	Aug.	111.6	701.4				
	Sept,	110.0	99.0				

Source: Central Statistical Office.

prices to close ranks SAUDI ARABIA, the world's panies. It was felt that the control of inflation and the maintenance of the main oil exporter, may soon bring its prices more into line benefits of lower Saudi prices had gone to the companies rather than the consumers. with those of other crude oil Companies believed to have benefited most were those within the Arabian American It is felt within the industry that the kingdom is becoming disillusioned with the results of Oil Company (Aramco), which handles and markets Saudi crude: Exxon, Texaco, Standard Oil of California and Mobil. correction. Some of these issues are to stand in the way of its moderate oil pricing policy be reviewed by the oil ministers which was largely aimed at maintaining some measure of international economic order.

Saudi officials are also losing patience with what they see as the slowness of big western oil consumers—the U.S. in particular-in promoting energy con-servation and working for the establishment of a new economic Mr. Mohammad Abalkhail, the contract price for Iranian light oil, a crude of similar quality. And large volumes of light

Saudi Minister of Finance and National Economy, writes in the latest issue of International Affairs, the quarterly journal of the Royal Institute of Inter-national Affairs: "What is needed is a major new thrust towards a co-ordinated approach to world development. The issue of oil is one of a complex of issues that now divide the and developing

Despite exaggerated reactions" to recent oil price rises, the effect on world growth and inflation rates had been "quite Middle small "-less than 1 per cent on growth and somewhat more on inflation. "Although the indirect effects may be considerable, the recent oil price from the large third quarter increase should not pose an profits registered by oil cominsurmountable obstacle to the

But he warned that production increases by the oil-export-ing countries to stabilise prices would merely postpone the basic

of Saudi Arabia, Iran, Iraq, Venezuela, Kuwait and Algeria when they meet in Saudi Arabia next month to consider a report OPEC's long-term strategy. The strategy committee was set up in Taif, Saudi Arabia, in May last year to examine OPEC's policy options for the 1980s in key areas: prices, supply and demand and relations with the industrialised and developing consumer coun-

Iran's new Foreign Minister Mr. Abolhasan Bani-Sadr has said that Iran should raise its oil prices before the OPEC meeting in Caracas next month. "I believe the West does not give us even 5 per cent of the value created by oil in the Western economy, so \$23.50 per barrel (the current price of Iranian crude) is really nothing

in this respect. He told An-Nahar Report and Record, a Lebanese weekly news digest, he also favoured selling a larger proportion of Iranian crude on the spot market.

Tokyo may enter Saudi chemical plant deal, Page 6

Modest retail recovery after tax rebates

BY DAVID CHURCHILL AND PETER RIDDELL

THE filbn of income tax rebates paid out last month has only produced a modest recovery in the level of spending in the shops, according to new official figures.

The official price for Arabian

light oil—the grade tradition-

crude oil-much. of it from

Iran-have been sold on the spot market for \$40 to \$45 a

The Saudis may decide to

towards rationalising the

East Economic Survey, forecast-

ing an early Saudi price rise,

reported that the Saudi's dis-

illusionment stemmed in part

of the organisation.

The authoritative

100) in October according to the provisional estimate published vesterday by the Department of Trade. This was about 1.4 per cent higher than in the previous month, and the recovery was concentrated in non-food shops.

However, in spite of this pick-up, October sales were a little below the average for the first volume of trade was 34 per cent lower than in the previous three months, which included the high level of spending ahead of the value-added tax increase. Mr. Richard Weir, director of

the Retail Consortium, said yesterday the slight rise in

RETAIL SALES	
	Value chan empa
Yolume w 1971=100 ea	rith y rlier

adjusted)

107.9

110.7

111.7

110.3

116.7

110.1

108.7

1115

110.0

+15

 ± 14

A survey of retailers yester-	
y confirmed there has not	
en a spending spree over the	
st few weeks. But most stores	
port that more recently the	1978 1st
ld spell and the start of the	2nd
e-Christmas trade have been	3rd
important as the tax rebates	4th
boosting demand.	1979 1st
The index of the volume of	· 2nd
tail sales was 111.5 (1971=	3rd

111.5* provisional estimate.

Aug.

Sept.

October sales indicated the tax rebates did not reach most people until late in the month. In addition, the relatively mild for winter clothes.

weather in early October also depressed the seasonal demand Mr. Weir said he expected a

leave retail sales some 4 per cent ahead on the year. . . Many retailers reported yes terday there had been no wide-

spread surge in sales. Mr. David Johnson, chief executive of the Rumbelows electrical goods chain, said there had been no sudden jump in the Demand had been picking up following the slump after the Budget, he said, but was not as high as the pre-Budget spending

However some retailers, including Marks and Spencer, Tesco, and Selfridges, reported the recent cold weather had substantially boosted demand for clothes. Marks said the change in the weather plus its current price cutting campaign had been as important as the tax rebates in boosting sales. Tesco also said its non-food sales have benefited from price cutsfinanced out of advertising revenue saved during the recent ITV strike—as well as the

colder weather. Mr. Roy Stephens, chief executive of Selfridges, said sales had been helped by the recent schools' half term, plus better retail performance in the return of television November and December to ing, especially for toys. the return of television advertis-

Deadline for Patriotic front

BY BRIDGET BLOOM AND MICHAEL HOLMAN

THE GOVERNMENT has given the Patriotic Front guerrilla alliance 48, hours in which to accept the British plan for an interim administration in Rhodesia or face the breakdown of the Lancaster House

Although no formal ulti-matum has been given, Lord Carrington, Foreign Secretary and chairman of the conference, is that the Front yesterday demanded at yesterday's plenary asked for a meeting between

In an attempt to put maximum pressure on the Front to accept the plan, British efficials are again raising the possibility of a bilateral deal between Britain and Bishop Abel Muzorewa, leader of the Salisbury delega-

The Bishop accepted Britain's interim plan 10 days ago. He has underlined his impatience with the Front's "delaying tactics" w

night, the critical question was plan. prove fundamental or whether by both Zanu and Zapu. But the framework of the British

One indication of compromise asked for a meeting between session an answer to Britain's lawyers of both sides. There proposal first tabled last month, was speculation that it would accept the framework of the accept the framework of the plan but seek more precise definitions on key issues especially those dealing with the status of the two armies.

If both parties could agree on

such a formula the Front might accept the interim plan "subject to satisfactory arrangements being worked out on the ceasefire." This formula would mirror that on the constitution.

The Front objects chiefly to Mr. Nkomo's Zapu wing of the the subsidiary role and status Front and Mr. Mugabe, leader which, the Front insists, the of Zanu. It was suggested that plan accords to their forces Mr. Mugabe's party was holding during the transition. Last out against acceptance of the

The suggestions were denied

they could be resolved within an intense debate is taking place within and between both wings about strategy over the next few days. This could decide the fate of the talks. John Hunt, Parliamentary correspondent, writes: A Labour amendment to the Southern Rhodesia Bill stipulating that all-party agreement must be at Lancaster House before Britain appoints a Governor to Rhodesia was defeated in the Commons last night by a Government majority of 57 (299-242).

Mr Peter Shore, Shadow Foreign Secretary, said it would be a bad mistake if, as reported, Government had delivered Considerable play was being an ultimatum to the Patriotic made in Whitehall last night of Front on the talks.

apparent differences between Parliament, Page 12

S. East co-ops' merger bid fails

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A PROPOSED merger between two of the leading retail It would have created a trading organisation with annual sales of more than

Fresh talks are to be held about reviving a long-standing plan for a merger of all the retail co-operative societies in South-East England.

The proposed merger was between the Royal Arsenal the south-east.

Co-operative Society—the third largest retail co-op in the UK co-operative societies in the with annual sales of about out of the negotiations. Instead, south-east has fallen through. £140m—and the South Suburit wants to start discussions on ban. Between them, they cover implementing a merger of all South London, Surrey and parts five retail societies in the of Kent. The two societies had agreed

in principle last August to the • The CWS's board is to set up merger. It was seen as a means of strengthening their trading position in the face of the fiercely competitive grocery retailing sector, especially in

However, the Board of South Suburban has decided to pull

a sub-committee of senior members to find a successor to Sir Arthur Sugden, chief executive, who retires next year. The subcommittee is expected to meet in early December.

Union plan for £½m anti-cuts campaign

By Philip Bassett, Labour Staff BRITAIN'S LARGEST civil Public Services Association, is preparing for a long campaign against the Government's public expenditure curbs with a ballot of its members on whether to inject £500,000 into the union's fighting fund to support any industrial

The strength of the union's determination to resist the curbs can be gauged by the fact that the £500,000 from one union compares with the film fighting fund set up before last winter by all nine civil service unions to oppose the Labour Government's then

5 per cent pay limit.
The ballot of the 224,000 CPSA members on whether to switch the money from the union's general to its fighting fund closes on Friday, with the result expected later this month.

Though the method of voting—members are sending individual ballot forms direct to the union's chartered accountants-precludes union officials from estimating how the vote has gone, members have been firm in their support this year for the executive's programme of industrial action. The hallot is on top of an

earlier call by the union for voluntary donations in addi-tion to normal subscriptions to build up the fighting fund, depleted after three disputes

this year. The fund stood at £1,194,804 at the beginning of the year, but the civil service, Post Office and London magis trates' court disputes since February — which disrupted Government and industrial eash flow, the issue of computer-processed telephone bills and court work—have cost the union £1.6m, of which £1.37m went on strike

Though the fund received more than £300,000 from subscriptions and more than £100,000 in donations during eight months to the en of August, with a further £200,000 in subscriptions expected by the end of the calendar year, the cost of the disputes leaves only about £300,000 in the fund or less than £1.50 per member.

Weather

UK TODAY

RAIN spreading from West, becoming windy. London, S.E. and E. England, E. Anglia

Sunny periods, perhaps rain later. Max. 8 or 9C (46 to 48F). Cent., S. and S.W. England, Midlands, Channel Isles, Cent. N. England

Bright at first, becoming cloudy with occasional rain. Max. 9 to 11C (48 to 52F). Wales, L of Man Cloudy, sleet or snow on hills,

more persistent rain later. Max. 10 or 11C (50 to 52F). N.W. and N.E. England, Lakes, Borders, Edinburgh, Dundee Aberdeen, Moray Becoming cloudy with occasional rain. Max. 7 or 8C (45 or

Glasgow Cent. Highlands, Argyil, N. Ireland

Rain, snow on hills at first. Max. 8 or 9C (46 to 48F). N.E. Scotland, Orkney, Shetland Snow on hills, rain, local gales. Max. 7 or 8C (45 or 46F). Outlook: Wintry showers rather cold.

WORLDWIDE

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Fair. Fg -Fog.

HE LEX COLUMN No pickings for the BP stags

The gilt-edged market continues to look for an economic Index fell 7.9 to 413.0 recession to cure its moderary woes, and so gained some per verted pleasure from yesters day's industrial production and retail sales figures—respectively dismal and sluggish. But these are only tenuous indicators, and the market will have to figured around in kinho until Thursday.

The jobbers did not, after all. need North Sea sou westers to protect them from a hurricane of business in the new parity-paid BP shares. After a rather sedate debut, the newly-issued stock closed at 154p, 4p above the initial subscription price. At this level it stands 9p above the fully-paid shares, which fell-6p to 358. This premium is

justified by savings in dealing charges and on the cost of noney between now and the 213p per share call in Feb-For a gross fund, a premium of 13p would be in order, and if the market turns very bullish of BP something even -higher -than this might. develop, given the gearing of

develop, given the gearing of the partly-paid stock.

The modest degree of over-subscription—only 1½ or so times does at least suggest that the issue has not been keavily stagged, although there may be a certain amount of distress selling if the price falls below 150p. On the other hand, some funds may have received rather more stock than they bargained for, and they at least will not be chasing the price any higher. In the short term, the persistent weakness of the equity market must pose some threat to the BP share price, which cannot be expected to outperform indefinitely. But there is some feeling that U.S. buying interest might revive Prudhoe Bay production rises and the next round of Alaska lease sales gets under way.

Drop-lock loans

Thoe so-called "drop-lock floating rate note," a product of the Eurobond market's fertile imagination, has been adapted to raise sterling for UK local authorities. The idea is that a medium-term syndicated loan with interest pegged to shortterm rates converts magically into very long-term fixed-rate finance as soon as gift yields drop to a level which the local authority can live with.

EURO-CURRENCY INTEREST RATES

an anonymous investing institution willing to provide the long-term money on this basis and has, in the last three months, raised £50m for eight local authorities using the

Local authorities must currently fund themselves at an average maturity (in any year) of seven years. Under current conditions this is difficult at floating rates and expensive at fixed ones. The drop lock pro-vides them—at least technically with 20-24 year funds. Each authority receives a four-year floating rate bank loan with the proviso that if the rate on the highest yielding long-dated gilt falls to ten per cent the loan is cancelled and replaced by a 20-year loan at a rate of 10 per cent plus a suitable margin. If, after four years, the conversion has not been triggered the local authority has the option of taking up the 20-year loan at the same margin over the long gilt rate then prevail-

The advantage to the borrower is that his refinancing is pre-programmed at no cost. The investing institution has the uncertain prospect of an extra margin of yield when conversion trying to employ the idea in the company sector: the problem here is that the lending institution has to take a four-year view of the creditworthiness of a potential long-term borrower.

Investment income

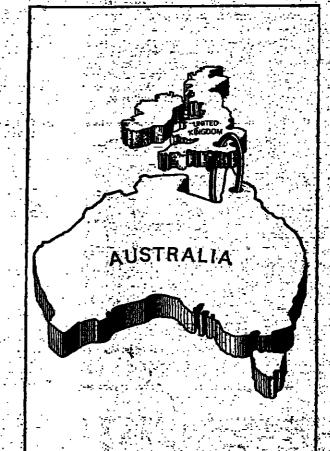
Sir Geoffrey Howe gave a solid hint yesterday that the spring Budget would abolish the investment income surcharge when he Guinness Mahon discovered talked about the need to sort

of capital taxes and to remove the bias against private investment. Abolition of the surchast is the logical next step in a Government's programme reducing market distortion coming after the abandonner of exchange and dividend courses. Six Geoffrey's water that there will be little room. cut income tax generally do not reduce the prospects of abolition of the surcharge, in the revenue involved is precisno more than £300m. Abolition would not affect small investor: the raising of surcharge threshold to £5.000 the last Budget means that of those with portfolios of perior those with portfolios of petin above £50,000 or so will pr gain relief. At the margin will persuade some rich ind duals to switch more of the capital into the stock mad Within the market itself abolition of the surcharge shift demand away from yielding instruments. This scratches the surface, how given the size of the discre tory reliefs in favour of per funds and insurance pla whose reform does not app to be on the next Budg

Retail spending

The income tax rebates which non-food retailers pinning their October hopes seem to have been so thing of a let down, judging sional index of retail a volume to 1111 against 118 September. Although Octo still showed a rise of some 1 cent on the same month of i volume was less than average for the whole for quarter last year. With proviso that the provise figures have sometimes it revised quite substantially recent months, it looks though the stagnant, trend retail spending in real second is confirmed.

Shopkeepers are left to a that the busier trend last weather brought custo clothing shops, will stick may also calculate that me paid workers benefited than hourly paid, and did receive the extra money. right at the end of the me Yet these higher paid eath and spend a lump sum. In stook-market, at any rate. the relative strength it sh earlier in the year.



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